

Triumphant Balloonists Plucked From Desert

Round-the-World Odyssey Comes to an End in Egypt

By Douglas Jehl
New York Times Service

CAIRO — After a final night soaring across North Africa, the first balloonists to circle the globe touched down early Sunday in the soft sands of southern Egypt — and then spent hours waiting for a ride home.

The landing, about 500 kilometers (300 miles) southwest of Cairo, brought a bumpy end to a record-setting journey that had lasted nearly three weeks.

The balloonists — Bertrand Piccard, a Swiss doctor, and Brian Jones, a British pilot — aboard the huge Breitling Orbiter-3, had hoped to land near the Pyramids of Giza, but unfavorable winds kept them from that storybook ending.

Instead, they scuttled to a stop in the sands of the Sahara, after two aborted attempts, and then had to gouge holes in their still-inflated balloon to keep it from dragging them further across the desolate desert.

The balloonists landed at about 0600 GMT, but it was more than seven hours before an Egyptian Army helicopter arrived to pluck them from atop a steep plateau.

It was "the most amazing experience," Mr. Jones said of the record-setting journey, which lasted 19 days, 21 hours and 55 minutes.

Mr. Jones told reporters in the oasis town of Dakhla that he and Mr. Piccard had endured the long days cooped up in a tiny capsule as the best of friends. Mr. Jones said the worst thing they had to endure through their journey was the cold.

Mr. Jones and Mr. Piccard had completed the circumnavigation early Saturday morning, floating over Mauritania at 0954 GMT past longitude 9 degrees west. But after a trip that began in Switzerland, and took them across North Africa, Asia, the Pacific Ocean, Central America and the Atlantic, they decided to push on, in search of a soft landing and the romance of the Pyramids, those 5,000-year-old monuments to human perseverance.

It was not clear why it had taken so long for Egyptian helicopters to recover the two men. Their landing was observed by mission controllers aboard a chartered plane, and their exact location was pinpointed by the Global Positioning System.



Bertrand Piccard, left, and Brian Jones celebrating at Dakhla air base Sunday after their Breitling Orbiter-3 balloon landed in the Egyptian desert 480 kilometers southwest of Cairo.

They touched down at 8 A.M. Egyptian time, after a landing timed to take advantage of a post-dawn lull in winds. But it was not until after 2 P.M. that an Egyptian helicopter arrived on the scene, while plans for a news conference upon their expected arrival in Cairo were postponed and then postponed again.

In Dakhla, where they answered journalists' questions Sunday afternoon, the pair appeared drawn and thin. Asked about the state of their balloon, Mr. Jones — who, like Mr. Piccard, wore a blue flight suit and

was sipping Coke from a wine glass — said, "It's completely deflated, like me, really."

Members of the record-setting team described the landing as having been "a 10 on a scale of 1 to 10," and said that weather conditions had been perfect.

They said that the balloon's fuel supplies had been nearly exhausted and that there had been no question of continuing on for another night.

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Amid Serb Attack, Holbrooke Makes A New Peace Bid

NATO's Word Is on the Line

By Craig R. Whitney
New York Times Service

BRUSSELS — The NATO alliance, which has been threatening Serbia's leaders with bombing since last October unless they stopped attacking ethnic Albanian civilians in Kosovo, apparently with no effect, met Sunday to consider a new threat to bomb the 40,000 Serbian troops and police carrying out the attacks.

Presented with the NEWS ANALYSIS

Secretary of State Madeleine Albright said that Mr. Holbrooke would warn Mr. Milosevic at their scheduled meeting Monday night in Belgrade that the NATO allies were preparing comprehensive missile and air strikes that could devastate much of his military infrastructure.

"He will make clear that Milosevic faces a stark choice: to halt aggression against the Kosovar Albanians and accept an interim settlement with a NATO-led implementation force or bear the full responsibility for NATO military action," Mrs. Albright said.

President Bill Clinton and Prime Minister Tony Blair of Britain spoke by

'Stark Choice' For Milosevic

By William Drozdiak
Washington Post Service

BERLIN — The United States dispatched its special Balkans envoy, Richard Holbrooke, on a last-ditch mission Sunday to try to persuade the Yugoslav president, Slobodan Milosevic, to call off the latest offensive against ethnic Albanians in Kosovo Province and accept a peace deal or face imminent air strikes by NATO warplanes.

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President Bill Clinton and Prime Minister Tony Blair of Britain spoke by

Reading Milosevic's mind. Page 6.

telephone on Sunday and expressed frustration that peace efforts were being obstructed, a spokesman for Mr. Blair's office said. They agreed to contact each other again within 48 hours and in the meantime to call other leaders.

[In Kosovo itself, meanwhile, Yugoslav government forces, ignoring the NATO threats, continued to pound rebel positions for a second straight day in a fierce offensive that sent more civilians fleeing. The Associated Press reported. And in an incident that could further raise tensions in Kosovo, four Serbian policemen were killed and one was wounded in Pristina on Sunday.]

At a meeting Sunday of NATO ambassadors in Brussels, allied officials said the 430 NATO aircraft now assembled in the region had been placed on elevated alert status to conduct bombing raids within a matter of hours after receiving their orders. "Everything is ready to go," a senior diplomat said.

Javier Solana Madariaga, secretary-general of NATO, began what were described as final consultations with the leaders of the North Atlantic Treaty Organization's 19 member states about the scope and timing of a possible air assault against Serbian targets. Mr. Solana was authorized in late January by NATO states to order allied warplanes into action at a moment of his choosing.

The latest preparations for NATO air strikes were a result of what allied military officials called a "dramatic deterioration" on the ground in Kosovo. They said a new Serbian offensive drove at least 10,000 ethnic Albanians from their homes over the weekend and had spawned an impending humanitarian disaster that might require urgent military intervention.

Some European allies, notably Italy and Greece, have been reluctant to approve NATO bombing raids without explicit authority from the United Nations Security Council.

Russia and China, two of the five permanent members of the council, have vowed to block any resolution that would give a green light to air strikes.

See KOSOVO, Page 6

3 Croats Facing War Crimes Trial

Investigators at the international war crimes tribunal in The Hague, having concluded that the Croatian Army carried out a brutal "ethnic cleansing" during a 1995 assault against ethnic Serbs, have recommended that three Croatian generals be indicted. Page 5.

Italian Bank Bids Set to Challenge Mediobanca

By Alan Friedman
International Herald Tribune

ROME — Italy's banking sector was rocked Sunday by two separate multibillion-dollar bids that challenged the power of Mediobanca SpA, the secretive Milan-based bank that until now has wielded enormous influence over Italian finance and industry.

The first bid — a \$16 billion offer by UniCredito SpA for Banca Commerciale Italiana SpA, its Milan rival, came Sunday afternoon and was quickly followed by an \$8.2 billion bid by San Paolo-IMI SpA for Banca di Roma SpA.

The bid, by UniCredito Italiano, if accepted, would create Italy's largest banking group with more than 263 billion euros (\$286.5 billion) of combined assets.

Both bids mark a revolution in Italian finance because they are the first direct attacks ever made on

the bastion of oligarchic business power symbolized by Mediobanca.

But the implications of the takeover bids reach beyond Italy because the deals are an example of the

Battle for Gucci goes back to court. Page 11.

consolidation that is sweeping the European banking sector. In addition, both targets of the bids have strong ties to other European banks: ABN-AMRO Holding NV owns a strategic 8.75 percent share stake in Banca di Roma, while Commerzbank AG of Germany has a 5 percent stake in BCI.

Mediobanca, under the stewardship of its 91-year-old chairman, Enrico Cuccia, has spun a web of financial power that bound the Agnelli, the Pirelli, Banca Commerciale Italiana, Banca di Roma — and,

in the past, UniCredito — through cross-shareholdings and behind-the-scenes deals.

Until very recently there was no major corporate deal or banking merger that happened in Italy without the blessing of Mr. Cuccia.

The bids, particularly UniCredito's for BCI, are considered an affront to Mediobanca because Mr. Cuccia has always considered Banca Commerciale Italiana to be part of his protectorate.

For the past six months Mr. Cuccia has gone to extraordinary lengths to try to engineer a merger of BCI and Banca di Roma SpA, a bank burdened by heavy loan losses and one that is also a close ally of Mr. Cuccia.

Italy's political and business worlds are opposed to a BCI-Banca di Roma merger because many see it as what would be Mr. Cuccia's last stand — an attempt to

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AGENDA

Explosion Damages Turkish Oil Pipeline

DIYARBAKIR, Turkey. (Reuters) — A bomb explosion Sunday in southeastern Turkey halted the flow of crude oil through a pipeline from Iraq during a Kurdish new year festival that is often a focus of separatist violence in Turkey, officials said.

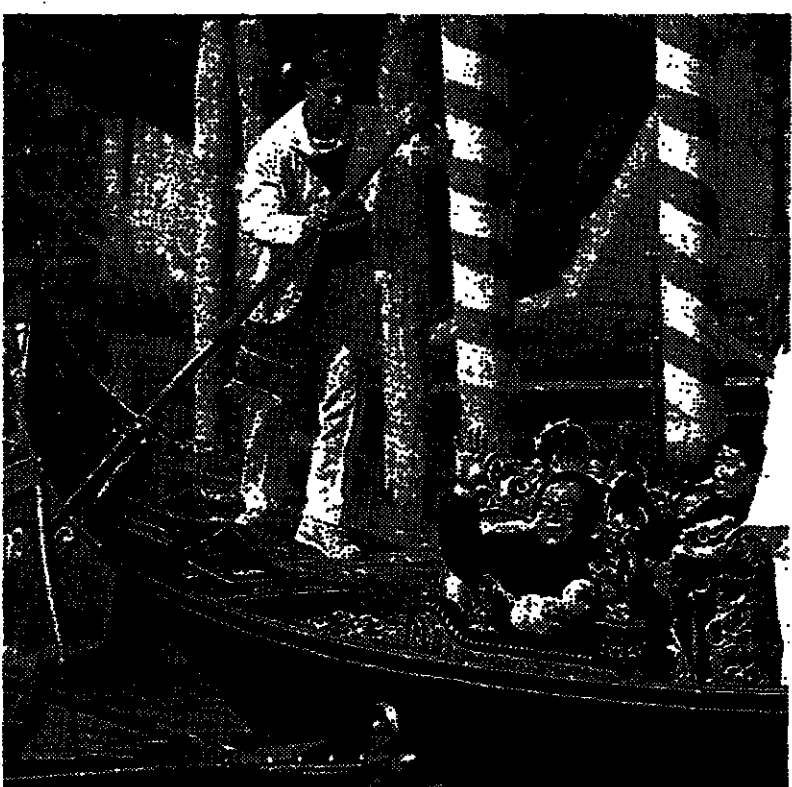
The bomb, which was placed on the pipeline, caused a large fire but limited damage, said Fikret Guven, governor of Mardin Province. The pipeline was closed for inspection after the blast.

The possibility of sabotage is high," Mr. Guven said, but he gave no further details. The explosion occurred in the Midyat district of Mardin.

Local security officials said they also suspected a sabotage attack but did not name any likely suspects.

The pipeline, which extends from the northern Iraqi city of Kirkuk to the Turkish port of Ceyhan, runs through remote regions that are strongholds for Kurdish rebels loyal to the imprisoned guerrilla leader Abdullah Ocalan.

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President Jiang Zemin of China waving Sunday from a gondola in Venice. Mr. Jiang, on a European tour to expand trade ties, also must deflect questions about China's human-rights record. Page 4.

Obuchi Stands Ground On Aid to North Korea

By Don Kirk
International Herald Tribune

SEOUL — Prime Minister Keizo Obuchi of Japan clung to a tough line on North Korea during a weekend visit here in which President Kim Dae Jung of South Korea left him unconvinced of the need to adopt a softer stance in pursuit of reconciliation on the Korean Peninsula.

Three hours after agreeing with Mr. Kim on the importance of "engagement" with the North, Mr. Obuchi made clear that Pyongyang had to be the first to "respond constructively" to "concerns and anxieties" aroused by the Aug. 31 firing of a Taepo Dong missile over Japan.

In an unusually hard-hitting speech, Mr. Obuchi described the situation on the Korean Peninsula as so "extremely bleak" as to make it "difficult to build amicable bilateral relations" between Japan and North Korea.

Tokyo would have to wait to hear from Pyongyang, he said, before it could contribute "humanitarian assistance" — meaning food aid for starving North Koreans — and consider opening

diplomatic relations. As Mr. Obuchi outlined his unrelenting stance toward the North before an elite audience Saturday at Korea University, several hundred students chanted anti-Japanese epithets a few hundred yards away.

The students sought to block the prime minister's motorcade as it swept through the main gate of the campus, but they were thwarted by rows of police officers dressed in civilian garb. The motorcade came within a few feet of the closest students, who were surging against police lines. Several thousand more police officers waited nearby in case the students posed a serious threat. While about 100 students sat down in front of the main gate, hoping to trap Mr. Obuchi on the campus after his speech, his motorcade roared out of the university through a side gate.

In Pagoda Park, the Seoul birthplace of a 1919 revolt against Japanese rule, a group of mostly elderly people with memories of the colonial era also protested.

Mr. Obuchi's appearance at Korea

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Modern Arms Create New Horrors in Ethiopia-Eritrea Trench War

By Karl Vick
Washington Post Service

NAIROBI — The map says Africa but the battlefield recalls Flanders Fields. On the border between Ethiopia and Eritrea, battered trench lines overlook a no-man's-land strewn with shattered armor and the rotting corpses of soldiers mowed down by the hundreds in mid-charge.

After World War I was fought on such terms, the human toll moved nations to forswear military conflict. In the Horn of Africa, however, the killing continues — despite one side's declaration of "total victory" and the other's acceptance of a regional peace plan.

The resumption of the nine-month conflict between Ethiopia and Eritrea has been so lethal in recent weeks that when Eritrea claimed to have

killed 10,000 Ethiopians in only three days, Western military analysts greeted the assertion with due skepticism but not with ridicule.

In fact, some analysts have estimated battlefield fatalities approaching 15,000 — a figure equal to one-quarter of U.S. casualties during the Vietnam War.

"We don't know how exaggerated the claims are, but clearly it does appear that the casualties are extremely high, which is what you get when you combine modern weapons' firepower with tactics from the First World War," said Richard Cornwall of the Institute for Security Studies in South Africa.

On a continent spattered with conflicts, the war in the Horn exists on another scale. The 40,000 soldiers that diplomats say each country lined up on its side of the front at Badame and again at

Tsornona nearly equaled the total number of forces — 50,000 — that more than a half-dozen other African nations are reported to have poured into the ongoing war over Congo. That war, though unusual because foreign nations have intervened, is in many ways a more typical African conflict. The units are small and highly mobile and are fighting in jungle terrain.

In contrast, the forces dug in along the 1,000 kilometer (600-mile) border between Ethiopia and Eritrea are fighting a conventional set-piece war. James Woods, the top Pentagon official for Africa in the Bush administration, said Africa has not seen its like since the North African campaign of World War II. Both forces are huge. U.S. officials estimate that Ethiopia began the war with 250,000 troops and Eritrea with perhaps 200,000. And both are exceptionally well-armed.

The world has not yet laid eyes on the scene of the most intense fighting, the trench lines that Ethiopian troops finally breached on Feb. 26 at Badame, the rocky, 310-square-kilometer triangle of disputed border land where the two countries' simmering territorial and political differences first flared into war last May. The cost of driving Eritrea out of the Badame area — every bit as uninviting as the meaningless war that lay between many of World War I's trench lines — was "not inexpensive," said Tekeda Alemu, Ethiopia's vice minister of foreign affairs.

But last week Eritrean officials led foreign journalists to a second front, at Tsornona, about 80 kilometers from the Eritrean capital, Asmara. The scene was so devastating that Ethiopia insisted it

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Hotbed of Abduction / From the Vicious to the Virtual

In Mexico City, Kidnapping Is a Daily Event

By John Ward Anderson
Washington Post Service

MEXICO CITY — He is an ordinary banker, but in Mexico City these are not ordinary times. So he has a driver trained in counter-kidnapping maneuvers and they take a different route to work every day. The windows of his two private cars have been treated with a special film to resist smashing.

When he and his wife go out at night, they strive for understatement — no French cuffs or diamond engagement ring — and when they return, they call ahead by cell phone and a police car meets them at the front gate, emergency lights flashing. In addition to a new alarm system, the home has a new television camera to monitor the front door, and there are plans to build a vault-like "safe room" on the second floor that can be sealed with the family inside should someone break into the house.

Paranoid? Perhaps. But in a city where crime is a major growth industry — for criminals and companies that sell security systems to thwart them — such extreme measures are increasingly common.

"My company paid for all this infrastructure," said the banker, a foreigner who agreed to be interviewed only if he and his bank were not identified. "As a high-level executive in a big multinational, the cocon is provided. The house is wired like Fort Knox, so at night, with the alarms, if anything happens, the cops are here within two minutes."

The extra security is warranted by an explosion in crime that has forced residents to dramatically change their lifestyles and has even prompted some rich Mexicans to move their families out of the country.

The surge in kidnappings — as many as six a day in Mexico City — and violent crime has been a boon to companies that provide bodyguards, alarm systems, specially trained ransom negotiators and other security services. Newspapers are filled with ads offering personal-defense training and bulletproofing for automobiles.

Daniel Bell, general manager of Kroll-O'Garra of Mexico, part of a leading international security firm, said that the business of bulletproofing cars in Mexico has grown more than 400 percent in the past four years. The demand reflects the growth in crime that followed the 1994 currency devaluation, which sent Mexico into a deep recession.

"Mexico changed forever with the economic crisis, the opening of borders with the United States under the North American Free Trade Agreement, and the globalization of the economy," he said. "Before '94, this was a very peaceful place, but the economic crisis had such a severe impact that it changed the moral fiber of the country."

Sociologists also trace the rise in crime to a leadership vacuum that has accompanied Mexico's gradual democratization and the decline in power of the long-ruling and autocratic Institutional Revolutionary Party. There is also a sense that crime pays. According to the federal government, 95 percent of all reported crimes go unpunished.



Vicente Fernandez Jr., right, son of the 'Ranchero' singer at left, was kidnapped last year and held for four months, during which the little finger of his left hand was cut off.

Statistics on crime in Mexico City are unreliable, partly because so many crimes are unreported. According to the attorney general's office, about 700 crimes are reported daily in the capital, an increase from about 376 a day in 1993, the year before the economic crisis.

Crime victims' reluctance to go to the police is fueled by suspicion that the police themselves are behind much of the crime. According to a survey last week by the daily newspaper Reforma, 32 percent of the people polled said they or someone they know has been assaulted by a police officer. Earlier this month, five officers from a northern suburb of the capital were arrested and charged in the robbing and killing of 17 people.

THE POLICE are not the only ones who have organized themselves into gangs. In December, the vice president of the City Council's public safety commission released a "Crime Atlas of Mexico City," mapping the turf of 147 gangs.

Many of the gangs are involved in the same increasingly popular criminal pursuit: kidnapping. Mexico has been rocked in recent months by high-profile abductions; victims have included the father of the country's most famous soccer star and the son of a superstar "ranchero" singer, who reportedly paid a \$2.5 million ransom after kidnappers cut off one of his son's fingers.

"Everybody wants to get into it because it's easy money," said Max Morales, a Mexico City attorney who has been involved in numerous kidnappings.

"They do financial research and choose their targets," he said. "Sometimes they pick the best time for a kidnapping by studying vacation time, travel habits, and they study cash flow through the victim's companies to make the ransom collections easier. But if they need to, they can keep the hostage

for more than a month."

Long waits and protracted negotiations take a brutal toll on families.

"After one and a half weeks we reached the first impasse, and they said, 'If you don't send the cash, we're going to send you his right hand in a bag,'" said a Mexico City man whose brother was kidnapped and held for several weeks. The man spoke on the condition that the case not be identified.

"I thought they were bluffing, but then they didn't call for two days. That broke their routine, and it worried me. Then they called and said, 'Did you get the packet?' I said no, and they said, 'We threw a packet over the fence with your brother's hand. Go look,' and they hung up."

"I flipped out. The hand — the mutilation — makes you think you failed. That's the psychological torture they use."

In his case, his brother's hand was not cut off and the hostage was eventually freed. But the ordeal helped destroy their family, the man said, and led to nightmares and paranoia. "When my brother got back he expected a united family to comfort him, but everybody, from their perspective, was a victim," he said. "We were all traumatized."

Long-term abductions are sometimes considered too risky, so kidnappers have devised a technique called "express kidnapping," a short-term abduction in which the aim is to drain the victim's liquid assets quickly, often by forcing him or her to make multiple withdrawals from different automatic teller machines.

In November, Frederick McPhail, a 27-year-old New York University graduate student, died after a group of Mexico City police officers allegedly abducted him and drove him to cash machines to make withdrawals, then forced him to drink a huge quantity of alcohol, apparently hoping it would cloud his memory.

Instead, it killed him. So far, 13 current and former officers — all alleged to be members of a gang that used the same drinking strategy to discredit and confuse their victims — have been arrested.

Another popular crime is "virtual kidnapping," in which a family is falsely led to believe that a loved one has been kidnapped. In a typical scenario, a stranger greets a woman at a bar and engages in personal banter.

Then the woman goes to a movie while the stranger calls her family, saying she has been kidnapped and demanding an instant ransom, to be paid before the movie is over.

Foreign executives and rich Mexicans are taking unprecedented measures to protect themselves, their families and associates, but the crime wave has touched all levels of society.

Javier Sanchez Gomez, 37, a waiter and actor, said that he and his girlfriend moved from the city after they were express-kidnapped and she was raped by the abductors.

Now, he said, "I don't go out alone at night. I don't carry a lot of cash. I don't use regular cabs, only Sitio cabs from monitored taxi stands. I look around all the time, and if I see something suspicious, I just leave that street."

Fallen From Oil Plenty, Saudis Learn to Scrimp

By Douglas Jehl
New York Times Service

JIDDA — Not long ago, most Saudis scorned greasy spoons like Abu Zaid's.

With barrels of oil money, they preferred the glitz of American fast food or the cachet of French cuisine to the fluorescent lighting, Formica tabletops and cheap mashed beans of Abu Zaid's.

But faced with a recession, soaring unemployment and declining incomes, Saudi Arabia is undergoing a transformation, and what once seemed inconceivable is slowly becoming the order of the day.

The government, famous for free health and education programs and lavish military spending, and for never collecting a nickel's worth of taxes, has announced deep spending cuts concentrated in defense and security, even putting on hold a \$1.7 billion arms deal.

Further steps are possible, including eliminating longtime utility subsidies and even opening the long-closed kingdom, ever so slightly, to foreign tourists and U.S. oil companies.

Among ordinary Saudis, long the world's most voracious consumers, the change is visible among shoppers who are forsaking luxury goods and belling up for dish of mashed beans at Abu Zaid's for the equivalent of 55 cents.

"When you are hungry, you will take anything to fill your stomach," said Ibrahim, 49, a retired air force officer and father of eight — including two unemployed sons — all of whom live at home. "And we are hungry now; we are in need."

For more than two decades Saudi Arabia, with its vast oil reserves, successfully walled itself off from the world beyond. Even when oil prices dipped, its spending was sacrosanct. But the shock of the last year, in which oil prices slid 40 percent, has made it clear to just about everyone that old habits must die — a conclusion that has not come without anguish.

"When the river dries out, where do the fishermen go?" asked Abdullah Dabbagh, chief adviser to the Saudi Chamber of Commerce and a member of the country's Majlis ash-Shura, or consultative council. "If we dry out, where do we go?"

In Jidda, the country's commercial center on the Red Sea, the grim moods are reflected on the faces of anxious merchants. "These are going to be hard times," said a luxury car salesman who would give his name only as Maher. He said car sales had fallen 50 percent since late last year. "Hopefully we can find a way to survive and overcome, because I can't imagine a dark future."

In 1998 Saudi oil income plunged by about 40 percent, or \$20 billion, a result of the worldwide decline in prices. Having crept into surplus for two years running, the Saudi budget fell deeply back into deficit, with a shortfall of \$13 billion, three times what had been predicted.

Oil prices have slumped recently under a Saudi plan to slash worldwide production. But under the deal, the country has pledged to cut its own production by more than 5 percent, something that will limit its ability to recover lost income and will leave it with continuing deficits. The plan is expected to be considered Tuesday at a meeting of the Organization of Petroleum Exporting Countries in Vienna.

For now, Saudi Arabia is in recession, its first in six years. The economy is expected to shrink in real terms this year by about 2 percent — the deepest decline since the mid-1980s. With mounting deficits, the national debt is soaring and the cost of interest alone consumes 15 percent of the budget. That has put pres-

sure on the currency, the riyal, the value of which is pegged to the dollar.

Average income has sagged, down to \$6,300 in 1998, as measured by gross domestic product per capita — two-thirds of the level nine years ago. Unemployment is rising, with an estimated 100,000 young men every year entering a job market with little growth.

"In the last year, our eyes have been opened to things we haven't seen before," said Said Shaikh, chief economist for the National Commercial Bank. "There is no doubt these are major challenges for Saudi Arabia."

In many ways, everyday life in Saudi Arabia has not had the gold-plated vistas that immediately greet most foreign visitors: the new-model cars, high-end shops and wide, modern highways.

Average income peaked nearly two decades ago, at more than \$28,000 in 1981, when it equaled that in the United States. It has fallen ever since, diluted by the diminishing real price of oil and by

'When you are hungry, you will take anything to fill your stomach.'

the soaring population, which is growing by 3.4 percent a year, the world's 20th fastest rate. This year, average income is expected to fall again, to \$5,700, one-fifth that of the United States.

Sharp cuts in agricultural subsidies have brought migrants to the desert just outside the capital, Riyadh. In Riyadh's outlying areas, children can sometimes be seen peddling tissues at traffic lights, providing a glimpse of new poverty.

In cities like Jidda, two hours northeast of Jidda, and Abha, in the mountainous south, residents say they have opened their doors to poor Saudis knocking in search of food. Some 45 percent of all Saudis are now 14 and under, and the fear is that the hard times could get worse.

"It's really worried about my boys and my daughters," said Ibrahim, who like most ordinary Saudis willing to speak frankly about the country's economic difficulties would do so only on condition that his full name not be used.

In cutting spending, the Saudis will allow many defense contracts to expire. They have also told overseas defense contractors that they plan to stretch out hundreds of millions of dollars in payments that would otherwise have been due this year. Other big victims include the energy sector, particularly contractors employed by the government-owned oil company, Saudi Aramco, whose budget for exploration and construction has been virtually eliminated this year.

Saudi Arabia has announced austerity measures before, only to postpone them as economic prospects improved.

In what was to have been a first step toward eliminating costly government subsidies, it doubled the price of gasoline in 1995, and announced a plan to install Saudis in government and private sector jobs held by foreigners. Progress in both areas, however, has been slow.

Non-Saudis, most of them other Arabs and South Asians, still account for 67 percent of the government workforce, and they hold a staggering 90 percent of private sector jobs.

But the economic weakness now confronting the kingdom may finally be driving home the message that change is unavoidable. A soaring level of debt driven upward by uncontrolled spending now amounts to \$130 billion, equivalent to total economic output. The debt is expected to swell by \$14 billion this year.

TRAVEL UPDATE

America West Deal Averts Strike

NEW YORK (NYT) — America West Airlines and the union representing its 2,300 flight attendants have reached a tentative agreement on a five-year contract, averting a strike minutes after a deadline had passed.

William McGlashan, president of the New York chapter of the Association of Flight Attendants, said the deal, reached early Saturday, gave workers higher wages and more flexible work rules. Jeff Zack, a spokesman for the union, said he expected members to ratify the agreement.

A strike at America West would have had a major impact in Phoenix, where America West is based, and in Las Vegas, where it is the second-largest carrier.

Hurricane Heads for Australia

SYDNEY (Reuters) — One of the most powerful hurricanes to approach Australia was expected to hit land Monday and cause devastation, the authorities said. The tropical cyclone was expected to cross a thinly populated part of the coast of Western Australia about 1,250 kilometers (780 miles) north of Perth around noon local time Monday (0400 GMT).

British Airways Avoids Belgrade

LONDON (AFP) — British Airways announced Sunday that it was canceling flights to Belgrade at least until Tuesday, because of the threat of NATO air strikes against Serbian military targets in the crisis over the province of Kosovo.

This Week's Holidays

Banking and government offices may be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Colombia, Iran, Japan, Kazakhstan, South Africa.

TUESDAY: Iran, Pakistan.

WEDNESDAY: Iran.

THURSDAY: Cyprus, Greece, India, Kuwait.

FRIDAY: Bangladesh, Egypt, Malaysia, Singapore.

SUNDAY: Bangladesh, Indonesia, Malaysia, Singapore.

Sources: Bloomberg, Reuters.

Internet address: <http://www.ihf.com>

Netanyahu Departs on Trip To Ukraine, Russia, Georgia

Agency France-Press
TEL AVIV — Prime Minister Benjamin Netanyahu left Sunday for a trip that will take him to Ukraine, Russia and Georgia.

One of the main purposes of the tour is to urge the Russian government to stop supplying sensitive military technology to Iran. Such transfers worry Israel because of Iran's alleged intentions to develop long-range missiles.

The daily newspaper Yedioth Ahronoth also said the trip had domestic political motives, to appeal to the large number of voters from the former Soviet Union.

WEATHER

Forecast for Tuesday through Thursday, as provided by AccuWeather.

Europe

City	High	Low	High	Low	High	Low
Amsterdam	54	42	54	42	54	42
London	54	42	54	42	54	42
Paris	54	42	54	42	54	42
Rome	54	42	54	42	54	42
Madrid	54	42	54	42	54	42
Barcelona	54	42	54	42	54	42
Brussels	54	42	54	42	54	42
Frankfurt	54	42	54	42	54	42
Hamburg	54	42	54	42	54	42
Munich	54	42	54	42	54	42
Vienna	54	42	54	42	54	42
Zurich	54	42	54	42	54	42

City	High	Low	High	Low	High	Low
Amsterdam	54	42	54	42	54	42
London	54	42	54	42	54	42
Paris	54	42	54	42	54	42
Rome	54	42	54	42	54	42
Madrid	54	42	54	42	54	42
Barcelona	54	42	54	42	54	42
Brussels	54	42	54	42	54	42
Frankfurt	54	42	54	42	54	42
Hamburg	54	42	54	42	54	42
Munich	54	42	54	42	54	42
Vienna	54	42	54	42	54	42
Zurich	54	42	54	42	54	42

Asia

City	High	Low	High	Low	High	Low
Amsterdam	54	42	54	42	54	42
London	54	42	54	42	54	42
Paris	54	42	54	42	54	42
Rome	54	42	54	42	54	42
Madrid	54	42	54	42	54	42
Barcelona	54	42	54	42	54	42
Brussels	54	42	54	42	54	42
Frankfurt	54	42	54	42	54	42
Hamburg	54	42	54	42	54	42
Munich	54	42	54	42	54	42
Vienna	54	42	54	42	54	42
Zurich	54	42	54	42	54	42

Africa

City	High	Low	High	Low	High	Low
Amsterdam	54	42	54	42	54	42
London	54	42	54	42	54	42
Paris	54	42	54	42	54	42
Rome	54	42	54	42	54	42
Madrid	54	42	54	42	54	42
Barcelona	54	42	54	42	54	42
Brussels	54	42	54	42	54	42
Frankfurt	54	42	54	42	54	42
Hamburg	54	42	54	42	54	42
Munich	54	42	54	42	54	42
Vienna	54	42	54	42	54	42
Zurich	54	42	54	42	54	42

Latin America

City	High	Low	High	Low	High	Low
Amsterdam	54	42	54	42	54	42
London	54	42	54	42	54	42
Paris	54	42	54	42	54	42
Rome	54	42	54	42	54	42
Madrid	54	42	54	42	54	42
Barcelona	54	42	54	42	54	42
Brussels	54	42	54	42	54	42
Frankfurt	54	42	54	42	54	42
Hamburg	54	42	54	42	54	42
Munich	54	42	54	42	54	42
Vienna	54	42	54	42	54	42
Zurich	54	42	54	42	54	42

Oceania

City	High	Low	High	Low	High	Low
Amsterdam	54	42	54	42	54	42
London	54	42	54	42	54	42
Paris	54	42	54	42	54	42
Rome	54	42	54	42	54	42
Madrid	54	42	54	42	54	42
Barcelona	54	42	54	42	54	42
Brussels	54	42	54	42	54	42
Frankfurt	54	42	54	42	54	42
Hamburg	54	42	54	42	54	42
Munich	54	42	54	42	54	42
Vienna	54	42	54	42	54	42
Zurich	54	42	54	42	54	42

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Herald Tribune

THE WORLD'S DAILY NEWSPAPER

MCPL REALISATIONS

By John F. Harris
Washington Post Service

By William Branigin
Washington Post Service

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ASIA/PACIFIC

Thousands Flee Ritual Cannibalism On Borneo

Compiled by Our Staff From Dispatches

SINGAWANG, Indonesia—Thousands of refugees poured out of rural areas of Indonesian Borneo on Sunday, fleeing ethnic killing in which nearly 100 people have died in less than a week, residents and the military said.

The refugees left behind scenes of horror, including decapitations and, in one instance, the cooking and eating of body parts in a marketplace.

Makeshift shelters had been prepared for the mainly Madurese settlers evacuated to Pontianak, the capital of the Kalimantan Barat Province, from various areas in the embattled Sambas district, residents said.

The military confirmed Sunday that 96 people have been killed in the strife, but there has been killing in remote areas and the toll is expected to rise. About 40 people have been wounded.

Ritual savagery has consumed this region near the Malaysian border since armed gangs of ethnic Malay, Dayak and Bugis men set upon immigrants from the island of Madura last week.

Thousands of people have fled the violence, with 5,586 ethnic Madurese, mostly the elderly, women and children, being evacuated to the provincial capital Saturday and Sunday.

On Sunday, about 1,800 refugees were evacuated to Pontianak by land and sea from the town of Sambas, while about 3,000 others were awaiting evacuation at a local military barracks and the port.

In neighboring Pongkor town, 750 refugees were evacuated on 15 trucks to Pontianak, about 125 kilometers (80 miles) southeast of there, said Husni, a local administration official.

On Saturday, indigenous Dayaks and ethnic Malays paraded through the small town of Tasek to the cheers of residents waving three freshly severed heads.

On Sunday musket shots rang out in Sambas subdistrict, about 50 kilometers (30 miles) northeast of there, as thousands of armed Malays and Dayaks hunted down Madurese.

"They're hiding in the forest," one fighter said. "When we find them, we are going to kill them."

There was only a truckful of police and soldiers on site, trying in vain to disperse the mob, a witness said.

On Sunday, the body of one man was burned at the market place in Sambas and small shredded bits of his liver were

China Moves to Head Off Censure on Human-Rights Violations

By Elizabeth Olson
New York Times Service

GENEVA—Even before the start of this year's meetings of the UN Human Rights Commission, which begins a six-week session Monday, China has begun a vigorous campaign to head off possible censure of its record on human rights.

President Bill Clinton's administration has yet to indicate whether it will sponsor such a resolution, but it is under increased pressure to do so, as both houses of Congress voted unanimously last month to condemn China at this year's meeting.

China's agreement to engage in dialogue on human rights averted an anti-Beijing resolution from the 53-member commission last year. But China has drawn renewed disapproval recently by rounding up members of outlawed opposition parties and religious dissidents, torturing prisoners, discriminating against its Christian minority and imposing restrictions on the press.

[President Jiang Zemin of China went sightseeing in Venice on Sunday before the official start of a 10-day European tour likely to be

clouded by disputes over human rights, Agence France-Presse reported.]

During a recent trip to China, Secretary of State Madeleine Albright warned Chinese officials about their human-rights record, although the Clinton administration generally has sought to separate the issue from other aspects of U.S.-China relations.

Last week, the Chinese Foreign Ministry warned that criticizing Beijing's record in "protecting and promoting human rights" would be an attempt to "interfere in China's affairs."

Still, the UN human-rights chief, Mary Robinson of Ireland, said in a televised interview last week that "we will, no doubt, be discussing China" at the meetings this year.

Along with China, a number of other countries including Cuba, Iran, Iraq, Congo, Cambodia, Rwanda, Yugoslavia and Afghanistan are likely to come under scrutiny by the commission.

The body has no enforcement powers. Its strength lies in casting a moral spotlight on countries that are not living up to commitments made under international treaties that recognize an array of political, economic, social and cultural rights.

China has escaped formal censure for the past seven years, with the last resolution in 1997 being defeated by a strong margin. The margin reflected traditional divisions in voting between Western countries, led by the United States, and Asian and African nations, which reject such criticism as undue domestic interference.

■ Jiang's European Tour Gets Under Way

Mr. Jiang, who arrived in Venice on Saturday, was due to meet President Oscar Luigi Scalfaro of Italy in Rome on Monday and to discuss human rights, although the main aim of his trip is to promote economic ties, Agence France-Presse reported. After Italy, the Chinese leader is to travel to Switzerland and Austria before returning to Beijing on March 30.

"We have good relations with all three countries; we don't expect any problems," said a Chinese diplomat accompanying Mr. Jiang, who took a gondola trip down the Grand Canal and had a look round the Piazza San Marco on Sunday before flying to Rome later in the day.

Mr. Jiang wants to focus on economic issues,

including Beijing's hopes of joining the World Trade Organization. China is said to be counting on Europe to compensate for a slowdown in its exports, in the face of loud protests over its \$57 billion trade surplus with the United States last year.

But it will probably be difficult to avoid the topic of human rights during the trip.

The exiled Chinese dissident Wei Jingsheng plans to make a protest over Beijing's rights record Monday in Rome just as Mr. Jiang meets President Scalfaro. "The European countries must put forth a clear and critical position on the problems of human rights and democracy," Mr. Wei said at a news conference on the eve of Mr. Jiang's visit.

Human rights are also likely to dominate when he travels Thursday to Switzerland. Diplomats in Beijing said a meeting in Geneva between Mr. Jiang and Mrs. Robinson was a possibility, although a meeting had not been placed on Mr. Jiang's official agenda.

He is to meet President Ruth Dreifuss in Bern, then travel to Geneva to address the Conference on Disarmament. In Austria, he is to meet President Thomas Klestil and Chancellor Viktor Klima.



The home of a Madurese migrant in the village of Suka Ramai on Borneo burning Sunday at the hands of members of rival ethnic groups.

offered to the public. Many accepted and ate, in the local tribal tradition of eating parts of one's enemies.

In Sukarame, just a few kilometers from Sambas, an old man sat on his motorcycle, holding a severed ear in one hand and a machete in the other.

The head of one of three men de-

capitated in Pongkor on Saturday had been placed on top of an oil drum on the side of the main road into the town, in a grim warning to the Madurese.

Thousands of more refugees were expected to arrive in Pontianak soon, officials were quoted as saying in the Kompas daily.

LANGUAGE

By William Safire
New York Times Service

NEW YORK—"No, it had nothing to do with ethics," said President Bill Clinton's friend Vernon Jordan, originally from Georgia, explaining to Asa Hutchinson of Arkansas why he would have no hand in the destruction of evidence, "as much as it's just good common sense, mother wit. You remember that in the South."

In another answer, Jordan used the phrase in a way that defined it: "If you had been sitting where I was... I think just mother wit, common sense, judgment would have suggested you would be interested." Hutchinson took the dialect cue and began another question with "Let's put it in the realm of mother wit."

These gentlemen were using a phrase unfamiliar to many in Northern and Eastern linguistic regions but easily understood by "country" talkers and especially black Americans; it is deeply rooted in the usages of some of the great contributors to the English language.

The phrase was defined by E. Cobham Brewer in the 1894 edition of his Dictionary of Phrase and Fable as: "Native wit, a ready reply; the wit which 'our mother gave us.' In ancient authors... courteous but not profound." In the deliciously scholarly Dictionary of American Regional English (DARE), this 1973 definition by Alan Dundes can be found: "A popular term in black speech referring to common sense... not necessarily learned from books or in school. Mother wit with its connotation of collective wisdom acquired by the experience of living and from generations past is often expressed in folklore."

First recorded in 1440, it was attributed to Mother Nature by Edmund Spenser in his 1596 "Faerie Queene": "For all that nature by her mother wit/Could frame in earth." Shakespeare picked it up in his "Taming of the

Shrew," with Kate asking mockingly, "Where did you study all this goodly speech?" and Petruchio replying, "It is extempore, from my mother wit."

"Growth of Popery" (1677), the poet Andrew Marvell of coy-mistress fame immortalized the phrase in an apostrophe: "An ounce of mother-wit is worth a pound of clergy."

This century, William Butler Yeats gave it a romantic twist: "I had the wisdom love brings forth/I had my share of mother wit." More recently, the phrase has been appropriated by black writers. Ralph Ellison, in "The Invisible Man" (1952), has a Harlem blues singer rhythmically opine that "all it takes to get along in this here man's town is a little... grit, and mother wit."

In her 1969 memoir, "I Know Why the Caged Bird Sings," the poet Maya Angelou wrote of advice to be "intolerant of ignorance but understanding of illiteracy," noting the intelligence of those unable to go to school: "She encouraged me to listen carefully to what country people called mother wit. That in those homely sayings was couched the collective wisdom of generations." More recently, several books have used the phrase in the title, including Ronnie Clayton's "Mother Wit: The Ex-Slave Narratives of the Louisiana Writers' Project" and "Folk Wisdom and Mother Wit: John Lee, an African-American Herbal Healer," by Arvilla Payne-Jackson.

...This raises (but, I regret, does not beg) the question: Are there any other words, rooted in millennial folk-fish and preserved in dialect, that appear in the speech of Southerners, especially African-Americans?

Aristotle is one; Chaucer used it in the 14th century to mean "aerial"; in Scotland, it developed a sense of "cool, chilly" and is preserved in a kind of dialectic amber today in the sense of "haughty, snooty," from one who

"puts on airs." In the same way, dry as a modifier was used by the playwright Ben Jonson in 1637 to mean "meager, colorless," as he gave us some good advice: "As we should take care, that our style in writing, be neither dry, nor empty." According to DARE, published by the University of Wisconsin, that sense persists among black speakers today, meaning "plain, without accompaniments," like "dry, without lemon or milk" in tea. Similarly, nature was used by Chaucer in a sense of "sexual vigor," and that special sense is retained, but only in regional dialect.

Here's another Old English phrase much more often used by blacks than whites today: make haste, first used as "Make hast (O Lorde)" in Coverdale's translation of the Bible's Psalms, and taken up by the novelist Henry Fielding in "Tom Jones" in 1749: "It was necessary for him to make haste home." Today, DARE counts it as "formerly widespread, now especially South and South Midland, especially frequent among black speakers."

Why this preservation in black speech? Says Michael Montgomery, of the University of South Carolina, now writing a Smoky Mountains dialect dictionary: "Popular speech is really quite conservative. Things hold on in settings of social isolation. Why should a specific Scots-Irish English dialect usage be the ones that hold on? Most overseers who ran the slave plantations were not very well-educated white men. We can tell from their surnames that most were Scots-Irish, or came from places like Ulster but had Scotch-Irish heritage. The dialect they spoke was not London English, but was the English language the slaves heard." Anyone with a modicum of mother wit should know that. If I were not so overeducated, and had a little horse-sense (1832) or common sense (1543), from the 1398 common wit or dry-gumption, I would have been able to figure that out for myself.

Virus Fears Reach Malaysia's Neighbors

Compiled by Our Staff From Dispatches

SINGAPORE—Malaysia's pig-virus crisis has spilled beyond the country's borders, triggering import bans in Singapore and Thailand amid fears that horses could also spread an encephalitis epidemic.

About 50 people have died in Malaysia of what is suspected to be Japanese encephalitis. The lone fatality so far in Singapore showed signs of a different strain, indicating that more than one potentially fatal virus may be lurking in livestock.

As Singapore disinfected its slaughterhouses after a ban on imports of live pigs, Malaysian soldiers continued Sunday to shoot thousands of pigs in three villages in southwest Negri Sembilan state.

The official Bernama press agency said the goal was to destroy more than 300,000 pigs in a drastic campaign to eliminate the problem.

More than 2,000 army personnel were to use tractors, bulldozers and backhoes to bury the carcasses in an operation expected to last 10 days. "The entire pig population in the affected areas will be wiped out," Health Minister Chua Jui Meng said.

The virus broke out in pig farms in northern Perak state in October and was reported to have killed 14 people before

spreading to Negri Sembilan two months later.

The virus, which attacks the brain, causing high fever, vomiting, coma and often death, is transmitted from pigs to humans by Culex mosquitoes that thrive in swamps and open drains.

Helicopters in Malaysia dumped insecticide in ponds and irrigation canals to destroy mosquito larvae. More than 5,000 residents were evacuated to facilitate the operation, and another 5,000 moved out of their own accord.

Pork consumption had fallen by 40 percent in Singapore even before imports of live pigs were suspended Friday, after a pig trader working in an abattoir died of viral encephalitis. Six other abattoir workers and traders have come down with encephalitis.

Despite assurances that encephalitis cannot be contracted by eating pork, many consumers are shunning the meat.

After receiving word from Malaysia that some victims there had shown signs of another encephalitis strain, called Hendra after a suburb of Brisbane, Australia, where it struck horses and humans in 1994, Singapore banned travel of horses to and from Malaysia, and officials said jockeys, trainers and handlers might be tested for deadly viruses. A Hendra outbreak would lead to hun-

dreds of millions of dollars' worth of losses in the racing industry, said Bernard Ang, president of the Association of Racehorse Trainers in Singapore.

Thailand banned imports of pork and live pigs from Malaysia on Saturday despite a lack of proof that the virus can survive in the meat. Its border with Malaysia was being patrolled to stop shipments.

(AFP, AP)

OBUCHI: Hard Line on Aid

Continued from Page 1

University, a private institution ranked as one of the country's two or three leading academic centers, marked the first time that a Japanese prime minister had spoken at a university here since the Japanese colonial era.

His speech highlighted a trip that included a meeting with Mr. Kim that lasted for more than two hours. On Sunday, Mr. Obuchi toured Haeinsa, a historic Buddhist temple and library containing a set of ancient Buddhist scriptures about 250 kilometers (150 miles) southeast of Seoul, before returning to Tokyo. The visit did not have the emotional impact of Mr. Kim's visit to Japan in October, but officials on both sides viewed it as a significant turning point in the often rocky relations between Tokyo and Seoul.

Although the two displayed "differences in emphasis" on North Korea, as a South Korean official put it, Mr. Obuchi agreed on the need to resolve difficulties with the North "not through confrontation, but through dialogue and negotiations."

He also said that "cooperation and coordination" among Japan, South Korea and the United States were "essential," even though "we do not need to adopt exactly identical policies at exactly the same pace."

Thus, Mr. Obuchi sought to close the gap between Japanese outrage over the North Korean missile launch and Mr. Kim's repeated pleas for a "sunshine policy" that calls for nothing but dialogue with the North.

He also appeared to support the efforts of William Perry, the U.S. policy coordinator on North Korea, in forming a policy that is acceptable not only to Washington, Tokyo and Seoul but also to Chinese leaders.

Mr. Obuchi cited Pyongyang's acquiescence to U.S. demands that it allow inspections of a suspected underground nuclear site in exchange for food as possibly defusing tensions.

"If we can build mutual confidence between us and North Korea through this kind of effort," he said, "it will be possible to replace the current structure of confrontation on the Korean Peninsula with a structure of peace."

If South Korean officials were uneasy about Mr. Obuchi's hard line, they were heartened by agreement between Mr. Kim and him on economic topics.

THE TROUBLE WITH TIGERS

The Rise and Fall of South-East Asia

By Victor Mallet. 332 pages.

£19.99. Harper Collins.

Reviewed Philip Bowling

THE trouble with books about generic Asia is that they are all defined by the same parameters. They may come to different conclusions—mostly depending on whether written pre- or post-July 1997—but the "tiger" or "wounded tiger" theme has become so repetitive that it requires considerable willpower to launch into reading one more.

For Victor Mallet, and potential readers, that is unfortunate because this is a more useful and sensitive book than might be assumed from its title.

At first glance, this seems like another "I told you so" book by a Westerner getting his own back after years of being lectured about Asian values by persons more concerned with money or power than cultural systems. Indeed it begins with a chapter on "the rise and fall of Asian values." This copes easily enough with the "values" claims of politicians and officials but does not give any in-

sight into the views of the region's intellectuals, artists, religious teachers.

What, if anything, are the common values in a region that has some distinct social mores, is the meeting point of Malay, Indian, Chinese and Islamic cultures and has been under Western influence for 500 years? And if so, do they differ from those in Sweden, Poland or the United States? By addressing the issue at the level of political statements, he falls for the region's own caricature.

Mallet is on stronger ground dealing with the specifics of the era of the boom: the worship of economic growth, the optimism, the arrogance, the dynamism and the greed. He describes the triumphs and excesses of the transformation of the region, the progress and despoliation, the wealth creation and the exactions of the robber barons. It was this that Mallet reported for the Financial Times from 1992 till shortly before the bubble burst.

That he was not around to have to report the "fall of Southeast Asia" probably gives strength to the book because it enables him to concentrate on the lead-up.

He is also wise enough to recognize that the setback for the region is prob-

ably only temporary and makes useful comparisons between it and 19th-century Europe. But he pays scant attention to the (mostly silenced) critics of the pre-crisis development process, nor to the role of foreigners—banks in particular—in exaggerating the situation, first by believing in the region's own propaganda and then taking flight.

He provides useful summaries of developments in each of the region's states and the forces behind them. But Mallet's reporting duties elsewhere may have contributed to a problem with timing. This book could and should have appeared a year ago. It is a poor commentary on the publishing industry that despite all the technology at its disposal it takes so long to get to the public a journalist's book on a topical issue.

A hundred years ago, books on hot topics were on sale within three months of the event. Asia's economic turmoil may not rank with Monica Lewinsky in store appeal, but a book that sets out to be topical deserves to be treated by publishers with a greater sense of urgency than seems to have been accorded this useful and fair study of the genesis of the Southeast Asian crisis.

International Herald Tribune

BRIDGE

By Alan Truscott

BEGINNERS LEARN, as a general principle, to prefer a major-suit game to three no-trump if an eight-card fit is available. Experts struggle to locate the exceptions, which are seldom apparent until too late: after the dummy appears. One situation that can be recognized occurs when two things are true. The partnership must have more combined points than it needs for game; and the scoring must be by imps, when the difference between scores of 430 and 450 is trivial.

On this basis the North player on the diagrammed deal should perhaps have bid three no-trump in response to one no-trump rather than search for a major-suit game

by using Stayman. The risk that the opponents would run five club tricks immediately was substantially less than the chance of a bad trump split in four spades or four hearts.

The occasion was the final of the 1998 New Jersey Double Knockout Team Championship, won by Charles Friedman, Frank Mirchin, Carole Wardell, Tod Thorgersen, David Kuenzler and Julian Schulman.

South would have made 10 tricks in no-trump, a good result at any form of scoring, and had trouble in four hearts even with a normal trump split. A diamond was led, and East took his two winners in the suit and led a club. At this point Mirchin as West could calculate that his partner had at most a major-suit jack to his name.

South won the club ace and

Mirchin was ready: When a low trump was led, he inserted the queen. South won with the ace and thought this over. He had intended to cash the heart king next, but that would be disastrous if West's queen was the singleton it appeared to be.

He therefore finessed the 9, an essential move if the trumps were indeed splitting 4-1, but West produced the 10 and gave his partner a diamond ruff. This defeated a game that succeeded in the replay, and the Friedman team gained 12 imps on the road to victory.

South would have had a similar problem if West had played the heart 10, but the queen was more persuasive. Notice that West did not concern himself with the chance that South held the heart jack as well as the ace.

In that event there was no chance for the defense: South would cash the king next, and lead another trump from the dummy if necessary.

NORTH
♠ K Q 10 7
♥ A 7 4 3
♦ Q 8 5
♣ Q J

WEST
♠ 9 6 4 2
♥ Q 10
♦ 10 8 7 4
♣ 9 8 5

SOUTH (D)
♠ A K 5
♥ K 8 5
♦ J 9 3 2
♣ A K 2

North and South were vulnerable

The bidding:
South West North East
1 N.T. Pass 2 ♣ Pass
2 ♣ Pass 4 ♣ Pass
Pass Pass

West led the diamond seven.

Malaysia Vows to Act Against Agitators

KUALA LUMPUR — Malaysia

will take stern action against any group attempting to topple the government through street demonstrations, Deputy Prime Minister Abdullah Ahmad Badawi said Sunday.

He urged those who disagreed with government policies to work through the democratic process and not take the law into their own hands.

About 500 protesters gathered Saturday at Merdeka Square in the capital, where they shouted "Reformasi," or reform, and anti-government slogans.

Prayers for Victims Of Subway Gassing

TOKYO — Rail workers and victims' relatives gathered at a subway station and prayed at an altar decorated with white chrysanthemums to mark the fourth anniversary of the deadly nerve gas attack on Tokyo's subways.

At the Kasumigaseki station in central Tokyo, 40 people offered their prayers at 8 A.M. Saturday—the hour that members of the Aum Shinrikyo doomsday cult released the sarin gas on five subway lines in 1995. Twelve

people were killed, and 5,300 were injured.

India Leader Sees Prospects of Peace

CALCUTTA — Prime Minister

Atal Bihari Vajpayee of India has vowed not to let "others" capture Indian territory but said prospects for peace with Pakistan increased after tit-for-tat nuclear tests last May.

"Now we both have the same weapon," he said, adding that a nuclear arm was "a weapon for peace" and a "deterrent."

Burma Continues Resistance to Visa

BANGKOK — The military government of Burma repeated its objections to issuing a visa to the seriously ill British husband of Daw Aung San Suu Kyi, saying his visit could strain the country's medical resources.

"While Mr. Aris's visa application is currently under review, the government suggests that it is more humane for a person in perfect health to make the journey to fulfill the terminally ill husband's wish to see her," it said. Michael Aris is suffering from prostate cancer.

War Crimes Inve

War Crimes Inve

Dublin P

WIKI

EUROPE

War Crimes Investigators Recommend Trial for 3 Croatian Generals

By Raymond Bonner
New York Times Service

WASHINGTON — Investigators at the international war crimes tribunal in The Hague have concluded that the Croatian Army carried out summary executions, indiscriminate shelling of civilian populations and "ethnic cleansing" during a 1995 assault that was a turning point in the Balkan wars, according to tribunal documents.

The investigators have recommended that three Croatian generals be indicted, and a U.S. official said last week that indictments could come within a few weeks.

The indictments would be the first of Croatian Army officers for actions in the Balkan wars of 1991 to 1995, which first pined an independence-seeking Croatia against rebel Serbs and Serbia proper, and then moved to Bosnia.

Any indictment of Croatian generals could prove politically troublesome for the Clinton administration, which has a delicate relationship with Zagreb, a U.S. ally with a poor human rights record in preserving the peace in Bosnia.

The August 1995 Croatian offensive, which drove 100,000 Serbs from a large swath of Croatia over four days, was carried out with the tacit blessing of the United States by a Croatian Army that

had been schooled in part by a group of retired U.S. military officers. Questions remain about the full extent of U.S. involvement.

In the course of the three-year investigation into the assault, the United States has failed to provide critical evidence requested by the tribunal, according to tribunal documents and officials, adding to suspicion among some there that Washington is uneasy about the investigation.

Two senior Canadian military officers, for example, who were in Croatia during the offensive, testified that the assault, which saw about 3,000 shells rain down on the city of Knin over 48 hours, was

indiscriminate and targeted civilians.

But lawyers representing the Pentagon have argued at the tribunal that the shelling was a legitimate military activity, according to tribunal documents and officials. And U.S. officials have repeatedly maintained that they had cooperated fully with the tribunal.

A spokesman for the Croatian Ministry of Defense denied that any war crimes or other illegal acts were committed during the offensive, which the Croatians dubbed Operation Storm.

To date, the war crimes tribunal, set up by the United Nations in 1993, has indicted 83 people, most of them Serbs. Its chief prosecutor, Louise Arbour, will

ultimately decide whether the indictments should be issued.

The investigators have also recently begun looking into whether the Croatian president, Franjo Tudjman, should be held responsible under international law for his role in the assault, tribunal and U.S. officials said.

At the same time, the investigators have stepped up an inquiry focusing on Slobodan Milosevic, the Yugoslav leader, who is widely seen as the architect of the Balkan wars. U.S. officials and tribunal staff said that a special team to investigate Mr. Milosevic was set up at the tribunal in October.

Tribunal officials rejected reports that

the tribunal had refrained from indicting Mr. Milosevic because of pressure from the United States, which sees the Yugoslav leader as a guarantor of the Dayton peace accords in Bosnia.

To assist the tribunal, the Clinton administration has set up a task force to call through reams of photos, telephone intercepts and other material held by various government agencies, including the CIA and the Pentagon, U.S. officials said last week.

"There was never any political pressure" against indicting Mr. Milosevic, said William Stuebner, an American who served as an adviser to the tribunal's chief prosecutor from 1994 to 1997.

Mr. Stuebner would not talk about any investigation, and the tribunal officials who did so spoke on condition of anonymity. An American lawyer who has been at the tribunal said that talking about the investigations was like revealing grand jury deliberations and that anyone who did so would be dismissed.

The tribunal has begun an internal investigation to determine who provided The New York Times with a copy of the report on Operation Storm, two former tribunal officials said last week.

Operation Storm was a stunning military assault. In just four days, the Croatian Army regained territory that had been held by rebel Serbs for four years. The Croatians then linked up with Bosnian Croat forces and began to roll over Serbian units in neighboring Bosnia.

Those defeats, along with the NATO bombing, helped bring the Serbs to the negotiating table in Dayton.

But there was a darker side to Operation Storm, one largely overlooked in the West, which had little sympathy for the Serbs. The Croatian Army drove more than 100,000 Serbs from their ancestral homelands, forcing them to flee on carts and in small cars jammed with their possessions. In terms of sheer numbers, it was the largest "ethnic cleansing" of the war, though it was not as brutal as the worst of Serbian treatment of Bosnian Muslims during the war.

A section of the tribunal's 150-page report is headed: "The Indictment, Operation Storm, a Prima Facie Case."

"During the course of the military offensive, the Croatian armed forces and special police committed numerous violations of international humanitarian law, including but not limited to, shelling of Knin and other cities," the report says.

"During and in the 100 days following the military offensive, at least 150 Serb civilians were summarily executed, and many hundreds disappeared." The crimes also included looting and burning, the report says.

"In a widespread and systematic manner, Croatian troops committed murder and other inhumane acts upon and against Croatian Serbs," the investigators said at another point in the report.

The report says investigators gathered "sufficient material to establish that the three generals who commanded the military operation" — Mirko Norac, Ante Gotovina, and the military governor of the Knin region, Ivan Cermak — could be held accountable under international law.

The most contentious recommendation of the investigators related to the shelling of Knin.

Two senior Canadian military officers, General Alain Forand and Colonel Andrew Leslie, who were with the UN peacekeeping forces in Knin at the time, were unequivocal in their testimony to the tribunal that the shelling had been indiscriminate and did not serve a legitimate military function.

"Why they shelled Knin is still hard to believe," General Forand told the investigators. "There is no doubt in my mind that the Croats knew they were shelling civilian targets."

Chechen Chief Escapes Bomb Near His Car

By Michael R. Gordon
New York Times Service

MOSCOW — The leader of the breakaway republic of Chechnya survived an assassination attempt Sunday when a powerful bomb erupted in central Grozny.

The blast, which took place as his motorcade passed by, left a gaping crater near the presidential palace. Several people were wounded, including bodyguards. But Aslan Maskhadov, leader of the separatist region, was unhurt.

The explosion came just two days after a devastating bomb attack in Vladikavkaz, 48 kilometers (30 miles) from Chechnya. That attack, which took place in a busy marketplace, killed more than 50 and stunned the Russian government, already accustomed to a regular diet of accidents, tragedies and terrorist killings.

On Sunday, Russian flags flew at half-mast as the nation held an official day of mourning. The interior minister, Sergei Stepashin, said that religious extremists might have carried out the bombing in Vladikavkaz, the capital of Russian republic of North Ossetia and the scene of ethnic clashes between Ossetians and Ingush in the early 1990's.

But the Russian government does not have to appear to have any real clues about the culprits or how to stop such terrorists' assaults in the future.

Both bombings, and the wave of kidnapping in the region, underscore the lawlessness that racks the Caucasus region more than two years after the end of the bloody Chechen war.

Mr. Maskhadov, who led Chechnya's fight for independence, is one of the region's most moderate politicians. He was elected president of Chechnya, which calls itself the independent nation of Ichkeria, by an overwhelming margin in January 1997.

Even though Moscow does not recognize Chechnya's independence, it accepts Mr. Maskhadov as the republic's leader. He is one of the few Chechen politicians the Kremlin can talk to, even when the two sides differ.

Georgi Boyt, a Russian journalist, summed up the prevailing attitude in Moscow when he wrote that the Kremlin should support the "sane" Mr. Maskhadov against the "insane" Chechen warlords and former field commanders like Shamil Basayev.

Striking a nationalist pose, Mr. Maskhadov said Sunday night that the assassination attempt and the bombing attack in Vladikavkaz were part of a conspiracy by "certain forces" in Moscow.

Their goal, he said, was to provide a rationale to declare a state of emergency and suspend elections in Russia.

Vladimir Putin, the head of Russia's internal intelligence agency, insisted that the charge was ludicrous, adding that the plotters could be found among the warlords and criminals in Chechnya.

Mr. Maskhadov certainly has plenty of enemies at home. He escaped a similar assassination attempt in July. By some counts, the attempt Sunday was the fifth against the Chechen leader.

Mr. Maskhadov has his differences with local warlords. Recently, he promised to solve the kidnapping of General Gennadiy Shpigun, a senior Russian Interior Ministry official who was abducted at the Grozny airport early this month. Six suspects have been arrested as part of that investigation.

NTV, the independent television network, said Mr. Maskhadov had been lucky to survive Sunday because his vehicle had passed just a moment ahead of the blast.



SECURITY ALERT — Turkish troops and police keeping watch Sunday in Diyarbakir against the possibility of violence by Kurdish activists during celebrations of Nowruz, a spring festival.

Tests Loom on EU Budget and Executive

By Barry James
International Herald Tribune

BRUSSELS — Government leaders faced a critical week Sunday with a key summit meeting in Berlin to set the future financial basis of the European Union and negotiations to seek a quick replacement of the EU's executive, which resigned after a damning report last week on corruption and nepotism.

The European Parliament scheduled a plenary session Monday and Tuesday to debate the corruption report. The presidents of the main political groups are opposed to the present commission remaining in office even in a caretaker capacity, and they are pressing governments to name replacements as quickly as possible for the commission president, Jacques Santer, and his 19 colleagues.

Romano Prodi, the former Italian prime minister, who was removed in a confidence vote in October, is the front-runner for commission president, supported by Chancellor Gerhard Schröder of Germany and President Jacques Chirac of France.

Mr. Prodi said he would be interested in the post if he was offered a full and unconditional mandate supported by all 15 EU members. He made it clear he wanted a five-year term, not merely an appointment to serve out the remainder of the present commission's term, which expires at the end of this year.

The EU Parliament claims the right to accept or reject the candidate proposed by the governments. This poses a dilemma for the 626-member assembly: If Mr. Prodi, or another candidate, is proposed now, should he be subject to a further confirmation hearing by the new

Parliament that will be elected in Europe-wide elections in June?

There is also the question of whether the nominee for commission president should have powers granted by the Amsterdam Treaty, which comes into effect in June, to select his or her own team. Under present rules, only governments can propose members of the commission.

The Socialist group, the largest in the Parliament, has introduced a motion calling for leaders at their meeting in Berlin on Wednesday and Thursday to set a precise timetable for the appointment of a commission to complete the mandate of the present body, and for a new permanent executive. It insists that the Amsterdam Treaty rules should be applied immediately. The Socialists say the new commission president must have the right to dismiss individual commissioners.

The Berlin summit meeting already has a crowded agenda. Mr. Schröder is hoping to broker a deal to establish a budget for the EU from 2000 to 2006, to enable the Union to take in new members from Eastern and Central Europe plus Cyprus. But the talks are complicated by major differences over the financing of EU farm support, which accounts for more than 40 billion euros (\$43.6 billion) in an annual budget totaling 86 billion euros.

Agriculture ministers reached a provisional agreement this month. But France, the biggest recipient of farm support, is not happy with the terms, while other countries oppose the deal because it would increase farm spending rather than capping it at its current level.

Mr. Prodi, the only officially declared candidate, is one of the few personalities

seen as being capable of winning the support of the two largest political groups in the Parliament, the Socialists and the Christian Democrats. He is also broadly acceptable both to Northern and Southern European countries, which are divided over aspects of the budget reform proposals.

After a tour of European capitals last week, Mr. Schröder said it might be necessary to hold a special summit meeting, shortly after the Berlin conference, to decide on a new commission.

The acting executive is taking care of only routine business, leaving a political vacuum at the heart of Europe.

Officials say a strong commission is urgently needed to deal with an impending trade crisis with the United States over banana imports and an EU ban on old U.S. aircraft, hormone-treated beef and genetically modified food. The commission, which sets laws for the EU and enforces legislation, is the trade negotiator for the entire bloc.

A five-member committee of independent experts set up by the Parliament is continuing an investigation into alleged corruption, fraud and nepotism at the commission. Its preliminary findings, which said the commission had lost political control and displayed no sense of responsibility, were so damaging that the commission had no alternative to resignation.

Appointing a commission president is the key to an elaborate game of musical chairs, with several top posts waiting to be filled. These include a high representative for foreign and security affairs, a new head for the European investment bank and a new secretary-general for the Western European Union, the EU's potential defense agency.

Dublin Predicts Ulster Arms Accord

By James F. Clarity
New York Times Service

DUBLIN — Prime Minister Bertie Ahern of the Irish Republic said Sunday that there would be a settlement of the dispute over disarmament of the Irish Republican Army in time for the Northern Ireland peace effort to advance by the Easter deadline set by Britain.

It was his most sanguine statement on the year-old dispute. Mr. Ahern said he would meet with the political leaders of the northern British province this week.

Noting that there had recently been positive indications from Gerry Adams, the leader of Sinn Féin, the IRA's political wing, and David Trimble, the Protestant first minister of the Northern Ireland Assembly, Mr. Ahern said on Irish national radio, "I have to keep at them to move further. I believe we will find a formula."

The dispute has blocked the next step in the Ulster peace effort, the formation of a Protestant-Catholic cabinet

in the Assembly to accept home rule powers from London which has ruled the predominantly Protestant province directly since 1974. The return of home rule is provided in the peace agreement approved April 10. The agreement is aimed at ending sectarian warfare in the province and giving more power to the Roman Catholic minority and more influence in northern affairs to the overwhelmingly Catholic Irish Republic, to the south.

While they did not confirm the prime minister's optimism, the two leaders, Mr. Adams and Mr. Trimble, have refrained from the sharp attacks that often characterize their exchanges. They met privately in Washington last week with each other and with President Bill Clinton, who urged them to settle the disarmament dispute.

Mr. Trimble has insisted that the new cabinet in Belfast, the northern capital, cannot include Sinn Féin members until the IRA has begun disarmament. Mr. Adams points out that the peace agreement does not require disarmament before May 2000 and that the IRA's 21-month cease-fire is evidence that it wants the peace effort to succeed.

Mr. Adams said Sunday that he welcomed the "positive rhetoric" of Mr. Trimble in recent days. But he repeated that he could not deliver what Mr. Trimble calls "a credible beginning" to IRA disarmament, including detonators, timing devices and explosives. The IRA arsenal is estimated at 100 tons of weapons, including explosives.

Mr. Trimble repeated his demand on Saturday at a meeting of his party.

Mr. Ahern's statement Sunday renewed speculation among officials and experts on what might be in a settlement formula. Most agree that it would be based on "fudge," a statement on disarmament that both leaders could defend as honorable to their hard-line supporters.

For Mr. Adams, this would mean that he had not negotiated an IRA surrender. For Mr. Trimble, this would mean that he was not preparing to sit in a cabinet with the representatives of IRA terrorists, but with Catholic Republicans who can now be trusted to abandon violence.

Both Mr. Ahern and Mr. Adams, in radio interviews, also called for an independent investigation of the killing by Protestant paramilitaries last week of Rosemary Nelson, a prominent lawyer who represented Catholics accused of committing terrorist crimes.

The killing led to three nights of violence in the Ulster city of Portadown. Catholic protesters said they had been enraged by the pounding of drums by Protestants, some of whom shouted approval of the killing of Ms. Nelson.

Finnish Coalition Leads

HELSINKI — Prime Minister Paavo Lipponen's Social Democrats staged a late comeback in the Finnish election Sunday, edging ahead of the opposition Center Party with 96 percent of the vote counted.

Unofficial results showed the Social Democrats winning 51 seats in the 200-member Parliament. The Center Party, which had taken the lead in earlier results, was set to win 48 seats. Although the Social Democrats and their coalition partner, the conservatives, who won about 44 seats, scored a clear victory, any two of the top three parties could form the core of the next government.

Trial Ruling on Chirac

PARIS — A French prosecutor has ruled that President Jacques Chirac cannot be prosecuted while in office on political corruption charges stemming from his years as mayor of Paris and

leader of his conservative Gaullist Party. The prosecutor, Yves Bot, told investigating judges who are probing illegal party financing that Article 68 of the French Constitution, written for General Charles de Gaulle in 1958, appeared to put French presidents beyond reach of normal justice as long as they held office. (NYT)

Protests Over Pinochet

LONDON — A panel of Law Lords, Britain's highest court, hands down a ruling on the extradition of the former Chilean dictator, General Augusto Pinochet, this week, with tempers already fraying over the case.

Protests between pro- and anti-Pinochet supporters broke out in Chile over the weekend, and human rights activists in London said they planned demonstrations near Parliament.

The Law Lords will rule Wednesday on whether General Pinochet enjoys immunity from prosecution in Britain, where he was arrested in October on a warrant from Spain alleging human rights abuses. (Reuters)

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INTERNATIONAL

In Kosovo Crisis, Yugoslav Leader Maneuvers Tactically Down to the Wire

By Steven Erlanger
New York Times Service

BELGRADE — By preference and habit, Slobodan Milosevic, the Yugoslav president, has always waited until the last moment before revealing his real bottom line.

In the nerve-racking game of chicken that the Kosovo crisis has become, Washington and NATO want Mr. Milosevic to believe that the last moment is here — to understand that both his options and his time to choose one of them are very limited.

But reading Mr. Milosevic's mind is never easy for Washington because the preservation of his own power comes first before patriotism or the welfare of his people. And a pure ultimatum that says capitulate or get bombed is not likely now to produce a deal, some Serb and Western officials believe.

Of all his Western interlocutors, Mr. Milosevic is said to put most trust in the American envoy for

the Balkans, Richard Holbrooke, who is headed here on Monday for what Washington calls a last chance for a peaceful solution before the bombing begins.

Mr. Holbrooke, at least, Serbs feel, understands that peace in the end requires compromise and face-saving, especially given the importance Kosovo has to

NEWS ANALYSIS Serbian tradition and national myth. But they are concerned that Mr. Holbrooke will arrive from Washington with limited instructions and little ability to negotiate, and that his mission is really designed to placate nervous NATO allies more than it is to stop the bombing in the former Yugoslavia.

Mr. Milosevic understands that NATO's bombers can do him and his military great harm. But he also understands that NATO is still divided and at some risk before its 50th anniversary bash in Washington a month from now.

Mr. Milosevic has heard congressional doubts from Washington about the wisdom of American

policy, and he has heard doubts from other NATO countries over an effective NATO declaration of war against a sovereign state dealing with an internal insurrection. And Mr. Milosevic understands, a senior Western official suggests, that once bombing starts — marking the failure of the threat of force as a diplomatic tool — NATO loses considerable control over what happens.

"If Mr. Milosevic does not comply, does NATO keep bombing?" asks the Serb journalist Ljiljana Smajlovic, no fan of Mr. Milosevic. "And if bombing fails, will NATO have to invade? I don't agree with this notion that just a little bombing will be enough to get him to comply."

Mr. Milosevic is also exercising a degree of care in his military operations in Kosovo, senior Western diplomats and officials said.

Using an unusually high level of professional troops with some of the Yugoslav army's best equipment — M-84 tanks, for instance, the Yugoslav version of the Russian T-72 — Mr. Milosevic is moving quickly to disrupt the

Kosovo Liberation Army's hold on large parts of the province.

Serb forces, these officials say, are driving large numbers of ethnic Albanian civilians out of their villages to create an added burden on the Albanian fighters and allowing them to better separate the two. But the Serb forces have not been killing large numbers of people, the officials say, so much as trying to disrupt the still fragile organizational structure of the KLA and cause new recruits to think of peeling away to take care of their families.

"They're more channeling and moving people now rather than destroying and killing," said one senior official with access to intelligence. "They can deal with that later on. These troops are professional enough so that if they're ordered not to massacre people, they seem to be able to restrain themselves."

Mr. Milosevic is clearly in violation of his October cease-fire agreement he negotiated with Mr. Holbrooke. But Mr. Milosevic has been out

of compliance almost from the moment the deal was signed, without any NATO retaliation. Even now, he is apparently hoping that an effort to keep civilian casualties down will keep NATO from a precipitate strike while his troops take the opportunity to strike the KLA.

In what some Serb officials say was a form of gift, the West's decision to withdraw the 1,400 unarmed observers from the Organization for Cooperation and Security in Europe so early — apparently designed to underscore the threat of imminent bombing as soon as this week — has given the Serb military an opportunity to try to disrupt and damage the KLA.

Even if Mr. Milosevic decides to accept the peace plan for Kosovo, he will be able to argue that he did so only after dealing out real punishment to the KLA, which under the agreement is supposed to disarm anyway.

Mr. Milosevic retains almost complete freedom of action at home to resist NATO or to do a deal, Ms. Smajlovic said.

NATO: Alliance's Credibility Is on the Line

Continued from Page 1

we can get," said Foreign Minister Joschka Fischer of Germany, who led a meeting of the 15 European Union foreign ministers here Sunday, "to achieve a peaceful solution and avoid a confrontation."

"At the moment," he added, "it seems Belgrade is determined to risk that confrontation."

The decision the allies were considering Sunday would focus the NATO threat on the elite units now on the offensive in Kosovo.

At the end of January, allied ambassadors authorized a short, sharp attack of pilotless cruise missiles on Serbian military installations in Kosovo and beyond, followed if necessary by a campaign aimed at destroying Serbia's ability to shoot down attacking planes.

They hoped that the threat alone would get Mr. Milosevic to agree to peace talks in France. He did agree, but on his instructions Serb negotiators refused to accept a settlement that would

provide autonomy for the province and 28,000 alliance-led peacekeepers to guarantee it for at least three years, and the talks broke off in Paris on Friday.

Now the United States, officials said, wants to give NATO's secretary-general, Javier Solana Madridiaga, authority to order strikes directly against Mr. Milosevic's attacking forces in Kosovo. NATO commanders, with an armada of more than 400 American, British, and French airplanes as well as ships with cruise missiles in the Adriatic, could launch such strikes within hours of getting such an order, officials say.

Air strikes alone, an experienced military officer warned, could not stop the Serbian forces in Kosovo from carrying out further attacks against rebel forces and the civilian population that supports them.

Air strikes could disrupt and delay such attacks, but most importantly, this officer said, air strikes would show Mr. Milosevic that, after nearly half a year of verbal threats, the alliance actually meant business.

The Yugoslav leader has tested its credibility in the new, post-Cold War era more directly than Soviet leaders ever did while the Cold War lasted, even though they had an enormous army whose tanks could have rolled westward into Germany over allied defenses.

The threat of U.S. nuclear retaliation for any such attack was taken so seriously that Moscow never tried one. So, the North Atlantic Treaty Organization's first 40 years ended with the collapse of communism in Europe without a shot fired by the allies.

Now, for the second time in four years, the alliance is confronted with the need to respond to the threat of instability in the Balkans caused by Mr. Milosevic. "We're witnessing a tragic escalation of the fighting, caused by Serb aggression against the civilian population," NATO's Supreme Allied Commander, General Wesley Clark of the United States, said Sunday.

General Klaus Naumann of Germany, the chief of the alliance's military committee, gave the ambassadors of its 19 countries, including three formerly Communist ones, the Czech Republic, Poland, and Hungary, a report Sunday on what he called "a very rapidly deteriorating situation on the ground."

Defying earlier threats by the allies and breaching commitments he gave last fall to Mr. Holbrooke, the U.S. special envoy for the region, Mr. Milosevic has now increased the size of Yugoslav National Army and special police forces in the province to about 40,000, a high NATO official said.

Allied warplanes could strike those forces using intelligence on their positions gathered from pilotless reconnaissance planes that have been flying over the province.

Behind the scenes on Sunday, officials said, Mr. Solana was consulting with international leaders involved in the crisis to see whether they all shared the determination expressed by President Bill Clinton and Britain and France to go ahead with bombing over Russian opposition if that was what it finally takes to get Mr. Milosevic to change his mind.



Serbian soldiers taking cover in a ditch Sunday along the road between Glogovac and Srbica, where fighting with Kosovar rebels continued.

KOSOVO: Holbrooke Returns to Belgrade

Continued from Page 1

But alliance diplomats said the appalling gravity of the refugee crisis in Kosovo might overwhelm any doubts by recalcitrant allies and establish the necessary consensus among NATO states to decide on the need to carry out the alliance's first attack in its history against a sovereign nation, even without UN approval.

Yugoslavia's decision to reject an international plan that would restore autonomy to ethnic Albanians in Kosovo, where they account for nine out of 10 inhabitants, led to the collapse of peace talks in France last week. It also signaled the start of a major new offensive by nearly 40,000 Serbian soldiers and security forces based in and around Kosovo.

NATO military sources said the Serbian onslaught had gone far beyond what could be characterized as retaliatory action against provocations by the Kosovo Liberation Army, the ethnic Albanian guerrilla force that has been fighting for an independent Kosovo.

The sources said the assault by Serbian forces over the weekend appeared to be aimed at wiping out the rebels' seven major strongholds. They said the Serbs had clearly taken advantage of the de-

parture of 1,600 international observers, who were removed Saturday to prevent them from becoming targets for Serbian reprisals in the event of NATO air strikes.

A senior NATO official said the number of displaced civilians was rapidly approaching the levels of October, when a quarter of a million ethnic Albanians were chased from their homes and 50,000 were forced to live out in the open.

At that time, NATO came close to launching air strikes before Belgrade halted its offensive and promised to withdraw its security forces under an 11-hour agreement brokered by Mr. Holbrooke. That pledge has been grievously flouted, but NATO held off taking any military action as long as there was some hope of reaching a diplomatic settlement.

Alliance diplomats said the threat of NATO air strikes again became credible last week when ethnic Albanian leaders signed up for the peace plan. Their show of cooperation pinned sole responsibility for the collapse of the talks on the Serbs, who insist they will not accept the deployment of foreign peacekeeping troops on their territory.

NATO officials said the Serbian forces were expected to intensify their attacks in coming days in the hope of delivering a knockout blow to the rebels before Mr. Solana is satisfied that all of the allies are persuaded of the need to carry out air strikes.

Nonetheless, there were lingering hopes that NATO's latest round of saber-rattling would bolster prospects for the Holbrooke mission and persuade Mr. Milosevic to back down at the last moment and resume the suspended peace talks. Mr. Holbrooke last saw Mr. Milosevic nearly two weeks ago in Belgrade but returned home empty-handed.

"The air operations have not yet begun, and he has a final, slender chance over the next few hours to reconsider," a senior NATO diplomat said. "Milosevic has a proven track record of coming to his senses at deadline time."

Besides the Holbrooke mission, Prime Minister Yevgeny Primakov of Russia is scheduled to visit Washington this week. NATO officials said it is highly unlikely the United States would consent to launch bombing raids during the Primakov visit because it would be such a humiliating blow to Russia. Moscow has fiercely opposed the idea of air strikes.

Jordanians Get Another Queen By Royal Decree

By Dan Williams
Washington Post Service

AMMAN — Jordan got a new queen on Sunday, which makes two.

The new queen is Rania Yasin, the wife of King Abdullah, who succeeded his father, King Hussein, last month.

It may seem redundant to declare the king's wife queen, but in improvisational Jordan, her accession was not automatic. It took a decree issued Sunday. Moreover, the late King Hussein's widow, Queen Noor, has not been declared queen. For the time being, there will be two queens.

The decree had Jordan's royal watchers wide-eyed. Few had expected Queen Rania's elevation so soon.

Jordan's succession has been complex and filled with family intrigue. Until shortly before King Hussein's death, his brother Crown Prince Hassan was the officially designated heir.

Queen Noor's future is subject of much speculation here. She had become an international celebrity and had taken up the late Princess Diana's anti-mine crusade. It is not certain whether she will be permitted to maintain a high profile.

Princess Muna, the former wife of King Hussein who is King Abdullah's mother, could also be a candidate for elevation, but a government official said that her title would not be changed, adding, "It would get too crowded with queens."

BRIEFLY

Extradition Appeal Is Denied in Israel

JERUSALEM — An Israeli Supreme Court justice rejected a request Sunday to hear an appeal of a decision not to extradite a Maryland teenager to the United States to face a murder charge.

The decision by Shlomo Levine, deputy chief justice, paved the way for the trial in Israel of Samuel Sheinbein, suspected in the death of Alfredo Enrique Tello Jr.

Mr. Sheinbein's lawyer said the youth would be indicted Monday morning. The Israeli Supreme Court ruled Feb. 25 that Mr. Sheinbein, who was born and raised in the United States, was an Israeli citizen and could not be extradited. His father holds an Israeli passport. (AP)

Mrs. Clinton Begins Islamic Region Tour

CAIRO — Hillary Rodham Clinton arrived Sunday in Cairo on the first leg of a 12-day tour to Egypt, Morocco and Tunisia that has been billed as a bridge-building mission between the United States and the Islamic world.

The American first lady was expected to tour Cairo's old Islamic quarter on her first stop during a trip highlighting the cultural contributions of Islam and aimed at dispelling any suspicions between East and West.

"I am here on behalf of my husband and of the American people to strengthen the bonds of friendship and part-

nership between our two countries," said Mrs. Clinton, who is being accompanied by her daughter, Chelsea.

Mrs. Clinton said she was pleased to be in Cairo on the 20th anniversary of the Egyptian-Israeli peace treaty — the Camp David accords of 1979. (Reuters)

Arafat Still Discussing A Date for Statehood

STOCKHOLM — The Palestinian leader Yasser Arafat said Sunday that it was a question of when, not if, there would be an independent Palestinian state, but he repeated that he was still discussing when to make the move.

Mr. Arafat was on a tour to test support for the declaration of Palestinian statehood. Earlier on Sunday, in Vienna, he said Palestinians had the right to declare an independent state in the West Bank and Gaza according to the 1993 Oslo peace accords. That agreement, he said, made a declaration possible on May 4, after a five-year transition period.

Asked if the declaration could be made at a date later than May 4, he said in Stockholm, "We have to wait and see."

Mr. Arafat was expected to travel to France on his way to the United States, where he is to meet with President Bill Clinton on Tuesday. (Reuters)

For the Record

Algerian troops shot to death 22 fundamentalist rebels in a group sought for killing 16 soldiers in an ambush, El Khabar newspaper reported. (Reuters)

Iraqis Visit Mecca, Unaware of Recall

The Associated Press

JIDDA — Hundreds of Iraqi pilgrims continued to arrive Sunday in the holy city of Mecca, still unaware of President Saddam Hussein's order for them to return home.

The pilgrims stepped out of buses and made their way to camps set up to accommodate them during the hajj, the annual Muslim pilgrimage.

"I want to thank President Saddam Hussein for all his help. God bless him," Abdul Karim Basijji of Arbil, Iraq, said as he stepped off the bus.

But on Saturday, the Iraqi leader had ordered the 18,000 Iraqis he had sent into Saudi Arabia the previous day to return home after the Saudis refused Iraqi demands that Iraqi funds frozen by the United Nations — and not Saudi

charity — be freed to pay for the pilgrimage.

Some busloads of Iraqi pilgrims were still en route to Mecca, birthplace of the Prophet Mohammed, when the first buses turned back. Pilgrims arriving Sunday on three buses waved Iraqi flags out the windows, and ambulances and patrol cars escorted the buses into Mecca.

Many of the buses that headed back to Iraq had arrived in Mecca late Saturday, and the pilgrims who had spent 18 hours aboard expressed sorrow for being unable to perform the hajj, a duty required of all able-bodied Muslims at least once in a lifetime if they can afford it.

"First we cheered, danced and clapped," Adnan Mohammed said, describing the Iraqis' joy at getting into

Saudi Arabia. He spoke Saturday on his return to Karbala, Iraq, adding that "in the end, we cried" in frustration at not being able to perform the hajj.

The Iraqis' decision to leave was as stunning as their entry Friday. The 18,000 Iraqi pilgrims, led by Iraqi officials, rode in a convoy through Saudi checkpoints without stopping. Many had no money or passports.

The kingdom provided them with visas and made all arrangements to house and transport them. But then they were ordered by Baghdad to leave before performing any of the rituals.

President Saddam apparently had hoped the drama would highlight the harsh effects of the nine-year-old UN economic sanctions that have left most Iraqis too poor to make the pilgrimage.



OSCAR NIGHT — Roberto Benigni, the Italian actor and director whose film "Life Is Beautiful" received seven nominations for the Academy Awards being presented Sunday.

ERITREA: High-Tech Weapons Take Trench Warfare to New Depths

Continued from Page 1

must have been staged. In a 180-meter trench, reporters from Britain, Switzerland, China and other countries counted the bodies of 300 Ethiopian soldiers, some halfway into the trenches they died assaulting. The infantry apparently approached Eritrea's heavily fortified positions on foot, either behind or beside Soviet-made tanks. Twenty such tanks were wrecked in an area that a BBC reporter described as the size of a soccer field.

Two ruined bulldozers were also visible — but only one armored personnel carrier, the heavily armored vehicle that modern armies rely on to protect their infantry from withering fire. "A hell of a defeat, I'd say, for the attacking army," Mr. Woods said.

The Ethiopian government, which declared "total victory" in the war after winning the battle for Badame, questioned the authenticity of the scene at Tesorona. Ethiopia's government spokesman asked how those reporting knew that the destroyed tanks belonged to Ethiopia, or, as he put it, "that the smell of rotting corpses indeed

comes from dead Ethiopian soldiers?" Eritrea's spokesman, meanwhile, insisted that the estimate of 10,000 Ethiopian dead was "very conservative."

After the war began last May, both Eritrea and Ethiopia began shopping the international arms bazaar. Eritrea invested in small arms and MiG-29 fighter jets. By most accounts, Ethiopia spent much more, buying tanks, Su-27 fighter jets, helicopter gunships and missiles.

"This is perhaps the lesson of the Ethiopia-Eritrea war," Mr. Cornwall said. "It is possible to arm yourself to the teeth relatively cheaply, with all the stuff coming out of the former Soviet empire — plus whatever China and the others decide to throw in. You can buy yourself a T-55 tank for \$50,000."

Analysts say the new equipment is raising death tolls already inflated by the low level of medical care.

As U.S. forces demonstrated in the Gulf War, modern weapons can dramatically reduce the vulnerability of an attacking force. And in the Horn war, Ethiopia, which

bought most of the new gear, is believed to be attacking. But without sufficient training — and without adopting tactics that coordinate troop movements with the advanced weaponry — these new weapons might backfire, analysts say.

In taking Badame, Ethiopian forces succeeded in combining fire from artillery, armor and aircraft on a specific point, according to a Western military analyst in Addis Ababa, the Ethiopian capital.

Despite the toll on the advancing Ethiopians, the losses for Eritrea were devastating, according to two military analysts. They estimated 3,000 Eritrean fatalities for the nation of 3 million people, comparable to an American battlefield loss of 270,000 lives.

Prime Minister Meles Zenawi of Ethiopia has pointedly observed that the larger country should prevail because it can bring more "resources" to the battlefield. Ethiopia has 60 million people. The question is, when does the personal cost become too much to pay? Mr. Woods said, "I'm a little skeptical that military losses have hit 10,000 yet. But they will at this rate."

BALLOON: Team Rescued

Continued from Page 1

But Mr. Jones, a former member of the Royal Air Force, described a scene that sounded somewhat more chaotic, with strong winds tipping the balloon over after the landing.

"We had to run around the balloon with our knives to make holes to keep from being dragged across the desert," Mr. Jones said.

The Egyptian government spokesman, Nabil Osman, said that the weather-driven changes in plans for the balloons landing had slowed the military's plans for swift recovery of the crew.

"There was no delay," Mr. Osman said. "It was a combination of how to react and how to get the helicopters to that area."

The huge silver balloon, about 54 meters (180 feet) tall, landed atop a remote, plateau about 72 kilometers north of the desert town of Mut.

Overnight, Egyptian secu-

rity and tourism officials had advised people across Egypt that they had nothing to fear from the craft that would descend from the skies.

The record-setting mission had received little attention here through most of the long journey.

But the prospect of a landing near the Pyramids, which would have made for extraordinary publicity, had galvanized the Egyptian government into action.

Duo Found Fair Winds

For all the dangers and difficulties of long-distance ballooning, the historic voyage was relatively uneventful. The Associated Press reported.

The team lifted off from the snowy Swiss Alps on March 1, drifted down to the sands of North Africa, caught a jet stream and headed across the Arabian Desert, over India and on to Southeast Asia.

The Pacific Ocean crossing proved smooth, accomplished in six days. East of Central America, 11 kilometers up, the balloonists were trapped in a lazy spiral and developed temporary breathing problems in the frigid air.

But the huge balloon soon caught a favorable jet stream that propelled it on to the last leg, at 144 kilometers per hour, across the Atlantic.

Mr. Piccard and Mr. Jones, who will receive \$1 million from the American brewer Anheuser-Busch, were to fly to Cairo, 485 kilometers northeast of Mut, in a C-130 military transport plane.

Since the American publisher James Gordon Bennett established a trophy for long-distance ballooning in 1906, sportsmen have striven to fly the farthest, eventually setting their sights on an around-the-world flight.

The Americans Marie Anderson and Don Ida made the first attempt in 1981, but flew only 4,306 kilometers, from Egypt to India.

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HEALTH/SCIENCE

Sleep Therapy for the Elderly

By Erica Goode
New York Times Service

NEW YORK — If "the sleep of a laboring man is sweet," as the Old Testament insists, the slumber of a retired man, or woman, should be even sweeter. But for 25 percent to 35 percent of older Americans, sleep is not something that comes all that easily.

Anthony Talles Sr., for instance, 63 years old and retired from a glass factory, falls asleep at 10:30 P.M. but is wide awake again two hours later, and again an hour after that. Margaret Baker, 70, a retired librarian, has conquered the oeuvre of Tony Hillerman, Dorothy L. Sayers and P.D. James — all during the midnight hours when she cannot fall asleep. "I am a devoted mystery fan," she said.

Mr. Talles and Mrs. Baker eventually sought help at a research clinic at the University of Pittsburgh. But insomnia in older adults, sleep experts say, is often neglected by family doctors, who may view fitful nights, like wrinkles and farsightedness, as a normal accompaniment of aging. Patients themselves rarely deem their troubled sleep important enough to complain to a doctor.

A new study may change all that. In last week's issue of *The Journal of the American Medical Association*, Charles Morin, a professor of psychology at Laval University in Quebec, and his colleagues report that insomnia in older adults can be effectively treated with cognitive-behavior therapy, sleeping medication or a combination of the two.

The behavioral therapy, which was specially tailored to educate patients about "sleep hygiene," to correct faulty beliefs and expectations about sleep and to instill better sleep habits, proved longer-lasting than drug treatment, the researchers found.

"Chronic insomnia is a treatable condition even in late life," Mr. Morin and his colleagues concluded.

In their study, the researchers compared the treatments in 78 men and women, aged 55 and older, all of whom had suffered from insomnia. The subjects either had difficulty falling asleep or staying asleep, at least three nights a

week for at least six months, and had complained of daytime fatigue, impaired functioning or mood disturbances that they attributed to loss of sleep.

People with major depression, medical conditions producing insomnia, or sleep apnea, and those who were unable to stop taking prescribed sleeping pills were excluded from the study.

Subjects who received weekly 90-minute sessions of cognitive-behavioral therapy, a trial of the sleeping pill Restoril or a combination of the therapy and Restoril all showed significant improvement in their sleep patterns at the end of the eight-week treatment period. These patterns were measured by sleep diaries, brain-wave recordings during sleep and the ratings of the subjects' bed-partners. These results were compared with control subjects given dummy pills.

Twenty-four months later, subjects in the group receiving cognitive behavior therapy alone were still sleeping much better, but the improvement of subjects in the group receiving medication alone was lost after the drugs were discontinued. Surprisingly, subjects who received both medication and therapy did not hold onto their gains as effectively as those who received therapy alone, perhaps because they attributed their improvement to the sleeping pills and did not invest as much in the behavioral learning program, the researchers speculated.

Other sleep researchers said the study was significant because it would alert doctors to the importance and the practicality of treating insomnia in older patients, and because it offered a treatment option other than drugs.

"If you have a behavioral intervention that works and that is durable, that's got to be important," said Daniel Buysse, associate professor of psychiatry at the Sleep and Chronobiology Center of the University of Pittsburgh School of Medicine, who was co-author of an accompanying editorial in the journal.

One reason cognitive-behavior therapy may be longer-lasting in helping patients with chronic insomnia, sleep experts say, is that it trains people to serve as their own therapists and to take responsibility for their sleeping habits.

The subjects in Mr. Morin's study, for example, were instructed in basic principles of "sleep hygiene," including the effects of caffeine, alcohol and diet, and taught ways to increase their chances of sleeping, such as going to bed only when they were sleepy, getting up and going to another room if they could not fall asleep within 15 or 20 minutes and arising at the same time every morning, regardless of how much they slept the night before.

The therapists also worked to correct "faulty" beliefs, such as the notion that sleep should be as enveloping in later life as it is in young adulthood. The percentage of time spent each night in the deepest stage of sleep begins to decrease after the age of 40, and by 60 or 70, people spend little time in deep sleep. "Even with the best sleeping pill in the world, you cannot make a 65-year-old person sleep like a 25-year-old person," Mr. Morin said.

FEWER than 15 percent of people who suffer from chronic insomnia receive treatment, according to surveys. But studies indicate that untreated insomnia may put people at higher risk for major depression and may cause elderly people to be placed in nursing homes sooner than if the condition had been treated.

Insomnia increases with age, often linked to medical or psychiatric problems or changes in life style. At any age, women, though they sleep more deeply and longer than men, are also more likely to have insomnia, particularly during menopause and pregnancy.

The appropriate role of sedative-hypnotic drugs, a class that includes most sleeping pills, in treating chronic insomnia is controversial. Unlike antidepressants, sleep medications treat symptoms but do not address the underlying causes of insomnia.

With long-term use, patients can develop tolerance for sedative-hypnotic drugs, and the medications can produce side effects, including a morning "hangover," disturbances in short-term memory and concentration, and rebound insomnia when the medication is discontinued. In older people, who metabolize drugs more slowly, side effects may be more pronounced.

Clues to a Disaster at Sea

High-Tech Tools Aid Probe Into Huge Ship's Sinking

By William J. Broad
New York Times Service

NEW YORK — There were no distress calls or survivors. The sea that brutal night claimed the lives of 42 men and two women. Six weeks later, one lifeboat was found afloat, empty and broken, torn from its davits.

The Derbyshire had been one of the largest and safest ships ever built, a star of the British merchant fleet. Its great size, nearly the length of three football fields, was seen as key to its survival in rough seas. But when the big ore-carrier sank in a typhoon in September 1980, all that meant was nothing.

Since then, interest in the ship's mysterious fate has grown into an epic of scientific debate and sleuthing, a high-stakes detective story that is still unfolding. The work is made possible by robots and other advanced technologies, some kept secret during the Cold War, that are now allowing investigators to peer deep into the sea, illuminating much that was once lost or hidden.

Recently, a British-American team lowered robots down 2.6 miles to view the ship's shattered remains at the bottom of the Pacific about 500 miles (800 kilometers) south of Japan. It was the third such foray and cost nearly \$3 million.

The findings have prompted London to reopen a formal inquiry on the Derbyshire, the largest British merchant ship ever lost at sea. But its implications are wider, involving the class of vessels known as bulk carriers. Since the Derbyshire went down, the sea has claimed 180 of the ships and 1,465 lives, according to Lloyd's Register of Shipping, which tracks maritime safety. The vessels have been sinking, often mysteriously, at a rate of nearly one a month.

A rogue's gallery of suspects has been proposed to explain the disasters, including fire, explosion, collision, old age, navigational error, design flaws, structural failure and even scuttling by owners eager for insurance money.

The Derbyshire probes have identified a surprising culprit — weak hatches that failed under storm stresses — and have already begun to shake up ship design worldwide. Marine authorities "now have the evidence for the first time," said Richard Pittenger, head of operations at the Woods Hole Oceanographic Institution on Cape Cod, Massachusetts, which led the recent Derbyshire probe. "It will have a big impact."

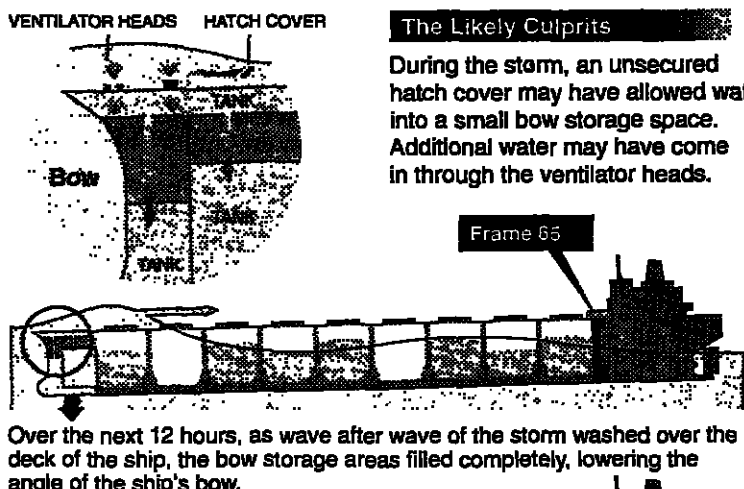
The findings are also bringing some comfort to the families and friends of sailors lost on the ship, whose pressure and protests, carried on for years, finally provoked the British authorities to act. Crew families say their main hope is that the investigations improve the lot of all seafarers, who are often disregarded, especially if they come, as many do, from poor countries like Cyprus and Pakistan, Honduras and the Philippines.

The Derbyshire was only four years old when it went down and had won Lloyd's highest general rating. At 964 feet (294 meters), the ship was one of the largest afloat and was viewed as intrinsically very safe. After a stop in New York, the ship went to Canada and loaded up thousands of tons of iron ore concentrates bound for Japan.

A typhoon intervened. Winds of up to 100 miles an hour drove waves to heights of 60 to 100 feet.

The End to the Mystery?

After an extensive examination, an investigative team determined that the Derbyshire sank not because of faults in frame 65, a favorite theory, but because of a slow introduction of water into the bow of the ship.



Over the next 12 hours, as wave after wave of the storm washed over the deck of the ship, the bow storage areas filled completely, lowering the angle of the ship's bow.

As the front of the ship dipped, the waves struck at a more violent angle, smashing the metal cover into the first cargo hold. The hold filled immediately with some 10,000 tons of water.

Source: Lloyd's Register

"Vessel hove to violent storm," the Derbyshire radioed hours before it disappeared. The signal meant that it was moving forward just enough to maintain steerage way, struggling to keep its bow into the waves.

After the Derbyshire vanished, family pain was especially sharp for Peter Riddard, whose son was on board. Mr. Riddard was a ship surveyor for the Salvage Association, a group based in London that assesses damaged vessels for such insurance companies as Lloyd's of London.

Experts say his tireless hunt for the truth helped throw light on the case. In particular, Mr. Riddard warned that the Derbyshire and sister ships might have structural flaws at a heavy wall that separates engine from cargo spaces and lies astern, near the ship's massive superstructure.

Weakness at this spot, called frame 65, would leave the Derbyshire and its sister ships prone to breaking in two, he suggested, and that might explain why the ship had vanished so quickly without any calls for help.

Family members kept up their pressure to find an answer to the sinking, and the International Transport Workers' Federation, an umbrella group of labor unions, hired Ocean Engineering Technologies, a Maryland company that has worked for the U.S. Navy, to find the ship. In 1994, during a two-week expedition, the company succeeded, its robot surveying a blur of scattered parts on the ocean floor, evidence of catastrophe.

The families and union group concluded that the survey bolstered the frame-65 theory and the evidence prom-

The Likely Culprits

During the storm, an unsecured hatch cover may have allowed water into a small bow storage space. Additional water may have come in through the ventilator heads.

Frame 65

As the front of the ship dipped, the waves struck at a more violent angle, smashing the metal cover into the first cargo hold. The hold filled immediately with some 10,000 tons of water.

As the front of the ship dipped, the waves struck at a more violent angle, smashing the metal cover into the first cargo hold. The hold filled immediately with some 10,000 tons of water.

Source: Lloyd's Register

ted British authorities to step in. London conducted a preliminary survey in 1996 and found the stern. The next year, the Woods Hole team aided the British effort by lowering a pair of robots to thoroughly map and inspect the wreckage, snapping more than 137,000 pictures.

The star of the probe was Jason, a seven-foot robot lowered on a long tether into the deep. Built by Woods Hole and funded by the Pentagon, the \$5 million robot has a mechanical claw, motors and many lights and cameras that flash signals back to the surface through a long fiber-optic cable, allowing investigators watching television monitors to feel like they are flying across the bottom of the sea.

But instead of strengthening the frame-65 theory, the work found new evidence that put it asunder. The robot surveys eliminated most of the theories put forth to explain the disaster. Unambiguously, moreover, the evidence also ruled out frame 65 and showed that the tragedy had begun at the ship's bow rather than at frame 65 near the stern.

The team concluded that many protective covers at or near ship's bow had failed, letting the sea in slowly at first, then quickly.

The tragedy of the Derbyshire is already helping bring wide change in the bulk carrier industry, experts say. Most significant, new rules call for stronger hatch covers, especially those closest to a ship's bow, where waves pounded the hardest.

Find a photo gallery and animation of the Derbyshire at:
www.nytimes.com/yr/molday/national/index-science.html

Syndromes Without a 'Cause'

By Jane E. Brody
New York Times Service

NEW YORK — More than a century ago, physicians encountered a syndrome, they called neurasthenia, characterized by a wide variety of symptoms that variously included fatigue, weakness, muscle and joint pain, headache, memory and concentration difficulties, runny nose, disturbed sleep and palpitations.

Researchers expected that a cause would soon be identified — a virus, bacterium or toxic agent — that would account for these complaints. It never happened.

Instead, through subsequent decades, a host of disorders with similar sets of symptoms were identified. They included so-called effort syndrome that afflicted veterans of the Civil War and World War I, chronic brucellosis, hypoglycemia, myalgic encephalomyelitis, chronic candidiasis and chronic mononucleosis. Now the prevailing ailments go by the names of chronic fatigue syndrome, fibromyalgia, multiple chemical sensitivities, sick building syndrome, silicone-associated rheumatic disease (from breast implants) and Gulf War syndrome.

People afflicted with one or another of these syndromes are often extremely debilitated and alarmed by the limitations the ailments place on their lives. Making matters worse is a widespread but erroneous view that they are not really sick but are fakers or hypochondriacs whose symptoms are self-induced to gain attention, sympathy or relief from their usual duties.

But the professional debate is not over whether the symptoms are real — those affected are definitely sick, ex-

perts say — but rather whether there is any point in continuing a thus far fruitless search for specific causes. A more productive approach, they say, would be to treat these syndromes as one and the same, and provide effective treatment regardless of the cause.

In a recent issue of the journal *Epidemiologic Reviews*, Captain Kenneth Hyams, who heads the epidemiology division of the Naval Medical Research Center in Bethesda, Maryland, noted the remarkable similarities in the symptom complexes that are the hallmarks of these diagnoses. All are characterized by fatigue, headache, difficulty concentrating, muscle or joint pain, impaired memory and often depression and/or anxiety, with some individual variations.

The unifying fact of all these disorders is that they are defined only by their subjective symptoms. No objective criteria or consistent organic explanation can be found for any of them and, therefore, they are a challenge to study, diagnose and treat.

For example, Dr. Hyams explained that some patients might be found to have an immunological deficit, but many others with the very same deficit were not sick. For others, the illness may have been preceded by a cold or flu, but there is no evidence that the infectious virus still lingers in any form.

A more probable explanation, Dr. Hyams and others suggest, is that a reaction to some physical or emotional stress triggers the various symptoms that characterize these syndromes.

Faced with a lack of objective diagnostic criteria, the particular diagnosis is a patient receives typically depends upon the patient's most disturbing symptom, the history of exposures the patient reports and the type of health

professional seen — allergist, gastroenterologist, rheumatologist, neurologist or psychiatrist.

As Simon Wessely, professor of psychological medicine and director of the Chronic Fatigue Syndrome unit at Kings College in London, pointed out in an interview, "Each specialty goes its own way in arriving at a diagnosis."

In other words, patients who see a neurologist may get a diagnosis of nerve damage whereas those who see a rheumatologist may get a diagnosis involving joint or muscle pain.

He added: "Doctors have been searching for the Holy Grail to explain these syndromes for the last 150 years without success. Neither single organic causes — viruses, immune defects, toxic agents — nor single psychological causes — childhood sexual abuse, depression or anxiety — can account for them."

DR. HYAMS emphasized that the lack of objective diagnostic criteria "does not mean that these people don't have problems."

"They're ill," he said. "About that, there's no question. They are not malingerers."

Dr. Wessely said that the profound fatigue and muscle pain that typifies these syndromes is best treated not by more rest but by a graded series of exercises that gradually increase a person's stamina. At the same time, patients are encouraged to shed their mistaken beliefs (for example, that any activity will make matters worse) and to restructure their approach to life through 12 weeks of cognitive behavioral therapy, which seeks to enhance self-confidence and a belief in a patient's ability to control his illness instead of having it control him.

Study Gives New Time Line for Population Split

By Nicholas Wade
New York Times Service

NEW YORK — The ancestors of Africans and non-Africans split apart almost 200,000 years ago, much earlier than previously thought, a study of DNA in living populations has found. The estimate is so early that it precedes by about 70,000 years the first known fossils of modern humans. The authors of the study say the fossils tell in which branch of the split population the genes that shape modern humans first developed, but they believe that the genes spread quickly throughout the other branch because of the advantage they conferred.

The study, published last week in the *Proceedings of the National Academy of Sciences*, also reports the first fixed DNA difference between African and non-African populations. The difference, which may be rendered less absolute, allows a family tree of the changes to be constructed. Assuming the mutations occur at regular intervals, the biologists concluded that the ancestral hominid sequence is 1.86 million years old. This is about the time of an archaic human species known as *Homo habilis*, and confirms the idea that much of the genetic variation in living populations is very old.

Much later, about 189,000 years ago, the researchers said, the gene tree split into African and non-African branches, a point marked by a new mutation found only in the non-African subjects. At a place in the gene where Africans have the chemical sequence GCG, non-Africans have GCA, the letters standing for different units in DNA. In the genetic code, both GCG and GCA specify the same amino acid unit of a protein, so the difference has no practical effect.

But the date it implies for an African/non-African split is substantially earlier than estimates so far derived from other parts of the human genome, which range from 100,000 to 156,000 years ago.

Harris selected the pyruvate gene purely for reasons of convenience: It lies on the X chromosome, and by studying the gene in men, who have only one copy of the X chromosome, they had to determine the sequence of DNA units only once in each individual.

They sequenced a 4,200-unit long segment of DNA from the pyruvate gene in 16 Africans, 19 non-Africans and two male chimpanzees. The forebears of chimps and of humans are believed to have split into separate species about 5 million years ago, which yielded a time scale for measuring the rate of mutation in the DNA segment. Though the number of DNA samples was small, the researchers said their statistical analysis produced a meaningful result.

The Rutgers biologists noted 25 positions in the DNA segment at which their human subjects tended to have different chemical letters from the chimp sequence. The differences are caused by successive changes or mutations in units of DNA, allowing a family tree of the changes to be constructed. Assuming the mutations occur at regular intervals, the biologists concluded that the ancestral hominid sequence is 1.86 million years old. This is about the time of an archaic human species known as *Homo habilis*, and confirms the idea that much of the genetic variation in living populations is very old.

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A Low-Tech Test Effectively Detects Cervical Cancer

By Nancy Beth Jackson
New York Times Service

NEW YORK — Cervical cancer, curable if detected early, kills more women in the developing world than any other cancer for the lack of a simple, inexpensive and effective screening method. But researchers in Zimbabwe believe they have found just that, in vinegar, a trained eye and a flashlight.

Reporting in the current issue of *The Lancet*, researchers say they simply swabbed a woman's cervix with acetic acid (vinegar) and a minute later looked to see if some cells had turned white, an indication of the presence of precancerous lesions caused by the human papilloma virus.

The technique itself is not new. Doctors used it before — and sometimes even after — more sophisticated testing became widely used in industrialized nations. In those countries, screening for cervical cancer is done by examination of the cells of the cervix after a Pap smear has been taken. But in less developed countries, this kind of screening may not be available. Researchers estimate that only 5 percent of women in developing countries are routinely screened for cervical cancer, compared with 70 percent in industrialized nations.

"What makes the screening program really successful is not the test itself but the ability to cover a lot of people with the test," Paul Blumenthal, an author of the *Lancet* paper and an associate professor of gynecology and obstetrics at Johns Hopkins University. "It provides immediate results in hard-to-reach populations whether in a developing country or in rural or center-city settings in the industrial world."

Thomas Carr Wright Jr., director of gynecological pathology at Columbia Presbyterian Hospital, who is working with a similar project in South Africa, regards the study "as another test to put in our pocket" but believes the emphasis in the United States should be on reducing the cost of the more sophisticated type of screening.

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This week's education specials

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Business Education in France

SCHOOLS MERGE TO COMPETE ON INTERNATIONAL MARKET

Large French businesses are looking beyond France for new recruits.

French management teachers are used to giving courses on the merger and acquisition activities of large companies, but mergers between schools themselves are a new phenomenon.

Last year, the Tours and Poitiers business schools in central France joined forces to form a new group called ESCM School of Business and Management (Ecole Supérieure de Commerce et de Management). The Paris Chamber of Commerce has decided to restructure its portfolio of management schools by concentrating them into two main centers.

On the other hand, merger negotiations between the ESC Lyon and ESC Grenoble business schools in southeastern France recently broke down. Deans of both these establishments are now talking about cooperation and international alliances instead.

Building clout

"Nowadays, large French businesses recruit everywhere in Europe," says Guy Boucher, dean of ESCM. "They make their own gradings of schools, and they will not even look at a job applicant's CV unless he or she

is a graduate from one of the major schools on their list." "In order to appeal to recruiters from major companies, schools have to operate effectively on the international scene," Mr. Boucher continues. This means that they need to command sufficient physical and financial assets, faculty and students to attract academic staff of international stature as well as high-caliber students.

These considerations lay at the root of the 1998 decision by the local chambers of commerce and other bodies that owned the Tours and Poitiers schools to merge the two. "Tours on its own was not of sufficient size to operate internationally," Mr. Boucher explains. "Since it already soaked up 55 percent of the budget of the Tours Chamber of Commerce, it could not ask for more money from that source."

Poitiers, some 80 kilometers (50 miles) away, faced a more acute problem. Student applications were declining, and questions were being asked about the school's future. "As a result of the merger, we now command a total budget of 80 million francs [\$13.3 million], we have 45 permanent academics, and our student population stands

at around 1,500," says Mr. Boucher. "We have also been able to recruit more staff, and we are increasing links with institutions in other countries."

Is mass really critical?

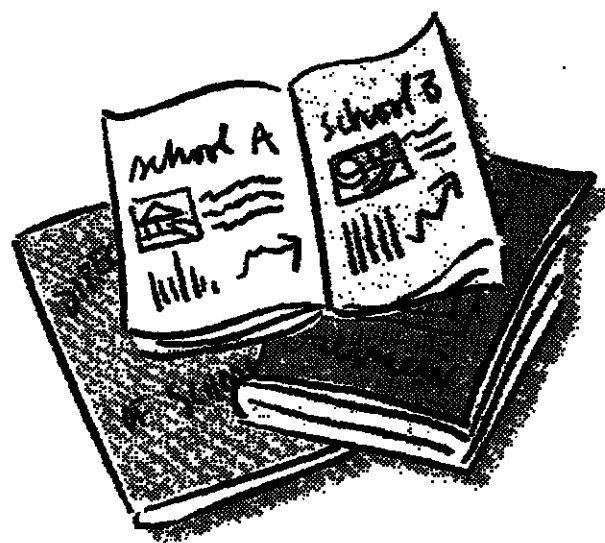
Thierry Grange, associate dean of the Grenoble business school, takes a different view. "Simply adding two French business schools together does not necessarily produce synergies, and it does not make the new entity more international than either of its two constituent parts," he says. "In many cases, the best approach for smaller and medium-sized schools is to go for a niche market and earn a reputation in that specific sector."

"It is fashionable at the moment in France to say that schools need 'critical mass,'" he says. "I see a parallel here with merger mania in the corporate world. There have been many company mergers over the last five or six years. Many of these have subsequently fallen apart, and many others have failed to add value to the merging businesses," says Mr. Grange.

"Success in management education does not depend primarily on the size of the school," Mr. Grange continues. "Just look at IMD in Switzerland, for instance. It has only around 80 MBA students, yet it is internationally acclaimed."

The Paris Chamber of Commerce and Industry (CCIP) has long experience in running business schools and management centers; it created its first school in 1819.

Today, the CCIP operates some 30 training centers of different types, including



four principal management teaching institutions. These are the HEC (Hautes Etudes Commerciales) School of Management, the Ecole Supérieure de Commerce de Paris, the European School of Management (EAP) and the CPA (Center for Management Proficiency) group.

Under a plan that comes into effect next year, HEC will join forces with CPA, and ESC de Paris will merge with EAP. In addition, the CCIP has concluded an agreement with INSEAD, an independent international business school based in Fontainebleau, which provides for exchanges of academic staff in the context of the HEC/CPA linkup.

"The business schools in our group have a solid reputation in France, and they are beginning to make their mark in Europe as well," says Christian Vulliez, assistant director of the CCIP in charge of education. "Our objective now is to buttress this position internationally."

Following business trends "The restructuring that we are undertaking addresses the move toward globalization in management education, which parallels trends in the corporate world," Mr. Vulliez continues. "We are aim-

ing at 50 percent non-French teachers and students in our group of schools over the next five years, and we have regrouped our schools to generate maximum synergy."

Bernard Ramantanantsoa, dean of HEC, says that the merger between HEC and CPA will enable the two schools together to offer a more complete range of courses. "This is more important to us than the question of size, which may be a central issue when smaller schools decide to join forces," he says.

France currently boasts around 300 business schools and management centers of all types, including about 30 schools with a national reputation. Mr. Boucher of ESCM believes that this situation could now change dramatically.

A market view French schools need to sell themselves in the face of new competition for students in the home market, according to Mr. Boucher. "French business schools have traditionally avoided looking at education as a market," he says. "If this attitude persists, it will be disastrous for many French institutions. For instance, multinational companies are increasingly developing their own in-house universities. In addition, the growth of distance learning will make France a tempting target for foreign suppliers of educational services, including U.S. institutions."

MBA DEGREES GAIN GROUND

Companies are demanding internationally minded graduates.

Top French companies have traditionally recruited graduates with distinctively French degree qualifications, and they have not afforded any special recognition to the MBA degree. Now, however, this picture is starting to change as French businesses feel the need to take on more young graduates with cross-cultural training to support their international development.

Says Thierry Grange, associate dean of the ESC Grenoble business school: "Demand for MBAs is increasing across France. Ten years ago, only large French companies active on the world market were particularly looking for MBA graduates. Now companies of all sizes are operating internationally, and they are keen on finding young managers with this qualification."

Practical experience

Groupe ESSEC in Cergy-Pontoise, located near Paris, has taken the radical step of converting its basic degree program into an MBA. "Under the new program," says Christian Koenig, director of the ESSEC Graduate School of Management, "students will take a break in the middle of the course to work with a company for a year. Our idea is to integrate business and academic approaches so that students can learn more from each of them."

This is particularly important since, unlike many other French MBA courses, the new ESSEC MBA is being aimed at younger students without significant professional experience. The program will be taught in both French and English. "This forms part of our effort to attract more foreign students," says Mr. Koenig. The ESSEC group also offers two other MBA programs with an international dimension, one in luxury brands and the other in agri-food management.

Going abroad

Several French business schools offer MBA programs that provide students with learning experience in different European countries. The Nantes Atlantique business school in western France provides one example. "We run three MBA programs, and two of these include specific cross-border European links," says Florence Nicolas-Lesavre, director of the business and professional development unit at the Groupe ESC Nantes Atlantique.

One of the Nantes-MBA courses is known as the EMP (European Management Program). The course includes periods of study in France, Spain and Britain, conducted in French, Spanish and English respectively. "We also offer an executive or part-time MBA, known as the Euro-MBA," says Ms. Nicolas-Lesavre. The Euro-MBA is taught by a consortium of seven business schools, including two French organizations, ESC Nantes Atlantique and the IAE d'Aix en Provence (the business institute at the Aix-

Marseille University). Other members of the consortium are based in the Netherlands, Ireland, Germany, Finland and Spain. "Distance learning, including the use of new communications technologies, plays an important role in delivering this program," says Ms. Nicolas-Lesavre.

EAP, also known as the European School of Management, which is attached to the Paris Chamber of Commerce, operates its own branch campuses in Oxford, Berlin and Madrid as well as its principal campus in Paris. Students taking EAP's basic three-year business program study in three of these four centers, and participants in the school's one-year MBA course also spend short periods in EAP centers outside France.

"The MBA is currently available at three of our centers, namely Paris, Oxford and Madrid," says Edouard Bormiche, dean of EAP's European Master's program. "Instruction in our MBA program is entirely in English. Course work is divided between classroom studies, projects and company internships."

Schiller University — whose main campus is in Florida — also provides full- and part-time MBA programs and other courses in several European centers including Paris. "Our students can move between campuses in different countries, and we place particular emphasis on an international approach," says Christiane Barody, director of Schiller's Paris campus. Other Schiller centers are in Spain, Germany and Switzerland.

Viviane Bourdin, international development director at ESCM School of Business and Management, points to the school's efforts to "internationalize" by creating tailor-made MBA programs outside France. "We have recently launched two MBA courses abroad, one in Taiwan and one in Greece," she says. "Under the first of these we provide a package that enables Taiwanese business students interested in Europe to meet prospective contacts during a study period in France."

Says Jean-Loup Ardoin, associate dean of the ISA MBA program at the HEC School of Management at Jouy-en-Josas near Paris: "Thirty-two nationalities are represented in the course, and we are planning to increase student numbers from this year's high of 160 to 200 next year," Mr. Ardoin says.

"Many French companies are keen to recruit foreign graduates who can work in French. We believe that our program, which is taught in both English and French, with a third language option, is attractive in this respect."

Part-time MBA programs are also developing in France. For example, the E.M. Lyon business school has 57 students in its part-time MBA course, with only 33 on its full-time program. Says Lyon's academic director, Bernard Ballestrat: "In my view, part-time programs are likely to develop more quickly than full-time courses, helped by moves toward a shorter work week."

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POST-GRAD BUSINESS DEGREES WITH SOMETHING SPECIAL

Many new MBAs are geared to a specific management function or sector.

A central idea behind the MBA concept is that courses provide general management training for a particular job. Despite this, French MBA programs with a specialty are now growing in number and popularity.

Such courses may be particularly attractive to managers with technical backgrounds, such as engineers or scientists, who wish to move into a management post in a particular sector or within a particular function. Qualifications of this type can also appeal to prospective employers looking for graduates who will quickly become operational in a specific management function or sector.

Focusing on an industry
One example is a new program at Groupe ESC Toulouse. "We are now creating our first MBA program, with a specialization in aerospace," says Hervé Passero, dean of ESC Toulouse. "This fits in well with the industries for which our region has an international reputation."

"In addition to French students, we believe that the program will appeal to students from Southeast Asia, Eastern Europe and Latin

America," adds Mr. Passero. "We are aiming to have 20 to 30 students in the course once it has fully settled into place."

Management plus IT
The Theseus International Management Institute at Sophia Antipolis near Nice has a specialization in information technology. Says Francis Bidault, dean of the MBA program at Theseus: "The program mixes basic management subjects with business in the IT environment, and each student also has to undertake a consultancy project."

ESC Grenoble is joining forces with Henley Management College in Britain to launch an executive MBA program emphasizing high-tech industries, which are characteristic of the region.

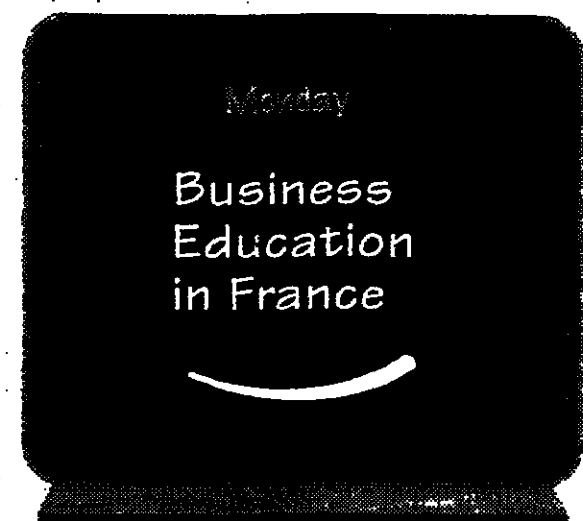
Says Gérard Guiblat, who is responsible for specialized masters' degrees at ESSEC, near Paris: "In 1995, we created an MBA program with a specialty in luxury brands, and then in 1998 we added an MBA in agri-food management. We chose subjects in which the school is well-experienced and for which France is well-known partly as a way of developing our international strategy and presence."

Both programs were launched with the help of major French and international companies in the sectors concerned. LVMH and L'Oréal are two examples for the luxury MBA. Companies involved in the agri-food MBA include Danone, Nestlé, Cargill, Jacobs Suchard and Mars.

"Both our specialized MBA programs cover all the usual general management topics," says Mr. Guiblat. "The specialization comes from applying these general themes to case studies and projects in the luxury brands or agri-food sectors. For instance, we give particular teaching emphasis to brand management, which is a very important topic in the luxury goods context."

"Students are divided into small groups to carry out field projects with companies in areas such as marketing and strategy. The programs also involve corporate mentors who follow individual students' progress. Around 60 percent to 70 percent of students who have graduated to date from the luxury brands MBA have been recruited by the company with which they worked during the course."

Most of the graduates from ESSEC's specialized



MBA program find jobs outside France. Recent examples include recruitment of ESSEC graduates as sales coordinator for Yves Saint Laurent in Japan and brand manager for Estée Lauder in the United States.

A course for a job
The two ESSEC specialized MBAs offer a sectoral specialization. By contrast, the European Institute of Purchasing Management (EIPM) in eastern France runs an MBA course that specializes in the purchasing-management function.

"Until 1996, we offered both full-time and part-time MBAs," says Eida Simonaska, coordinator for the EIPM's MBA program. "We found, however, that there was little demand for a full-time course in this specialty, so since then we have concentrated entirely on the part-time product." The course

consists of 14 modules that can be taken over a period of 18 months to three years. "This gives flexibility to working executives, who may have to undertake business trips or interrupt their study for other reasons," says Ms. Simonaska. Most of the program participants are sponsored by their employers.

Specific topics covered in the program include marketing, accounting, information-technology management, purchasing strategies and methodologies, and organizational management tools.

"The course also strongly emphasizes supply-chain integration and logistics management," Ms. Simonaska says. "At the same time, a basic element of the program is the teaching of general management skills that can be transferred to positions outside purchasing management."

FRENCH HIGHER EDUCATION TO GET A MARKET MAKEOVER

Simplification of the degree structure and a promotion effort are planned.

France, a country with a deeply entrenched attachment to its own distinctive brand of rigorous academic training, has long disdained the "Anglo-Saxon" notion of treating education as a marketplace service. Now, though, the picture could be changing.

Claude Allègre, France's minister of education, has launched a plan to simplify the degree structure of his country's system of higher education and to foster more interaction between ordinary universities, which are open to all, and the highly selective specialist institutes known as the *grandes écoles*. In a parallel move, the Ministry of Education and the Ministry of Foreign Affairs have jointly announced the formation of a government-sponsored agency called Edufrance to promote French schools on international markets.

3-5-8
The Allègre plan for reform in higher education forms part of a wider European move to achieve greater harmonization among national systems. The basic idea is to create a degree hierarchy similar to the Bachelor's/Master's/Doctor's structure applied in the United States, Britain and other English-speaking countries. France has coined the phrase "three-five-eight" referring to the cumulative number of years of university study needed to attain each degree — as a shorthand description of the plan.

Edufrance was established in November 1998. Its stated objective is to help France compete in the worldwide markets for higher education, both in business terms and for the purposes of promoting French culture in the

most highly educated sectors of the world's population. This includes an explicit intention to provide the buyers of international education services with a cultural alternative to the dominant U.S. model.

Seeking foreign students

According to the figures of the French authorities, foreign students around the world constitute a total estimated market of about 130 billion francs (\$21.8 billion). The United States currently plays host to some 560,000 foreign students in university-level programs, while Britain and France account for 200,000 and 130,000 respectively. This activity is worth more than \$7 billion a year to the United States, representing the country's fourth-largest source of export earnings.

Against this background, Edufrance is promoting efforts to market French educational services abroad, to coordinate French bids for international development contracts in the education sector and to devise a comprehensive service to help foreign students in France with practical issues such as visas and accommodation. Edufrance's efforts are also aimed at multilateral agencies such as the World Bank. Altogether, such agencies spend around 3.5 billion francs to 4 billion francs a year on education projects.

The Allègre plan — the details of which have yet to be settled — aims at helping these international promotional efforts by making the French degree structure more easily understandable in international terms. The new degrees will be added to the existing ones, however, and it remains to be seen how the new system will operate in practice.

MANY APPROACHES TO TEACHING ELECTRONIC COMMERCE

Schools are addressing the new business tools of the Internet for selling, marketing, responding to customers and managing inventory.

France was slower than the United States or Britain to take to the Internet. Now, though, the number of French users is rising rapidly, and major business schools in France are boosting their teaching of management techniques for electronic commerce and other information-technology applications.

Theseus International Management Institute at Sophia Antipolis near Nice provides one example. Participants in the Theseus MBA program examine companies that are already carrying out e-commerce through the Web. An example is Atobytel.com, an Internet-based marketing services that specializes in finding cars for buyers at the lowest possible price.

Says Miklós Vasarhelyi, who teaches management and IT at Theseus: "The service is provided free. The company makes money from commissions paid to it by insurance companies and others, and through fees for advertisements."

The Theseus MBA "includes specific sessions of information technologies, new business tools and direct marketing," says Francis Bidault, dean of the program.

Three weeks of this period are devoted to e-commerce applications. "What we look at in these sessions is the dramatic manner in which the way of doing business is being changed by IT, and not just the narrower subject of commerce on the Web as it is conducted at present," says Mr. Vasarhelyi.

"One currently important example is the movement toward inventory-sharing between companies and the development of IT-based reordering procedures," Mr. Vasarhelyi adds. "Another instance is the growth of so-

called 'e-care' procedures to improve the follow-up of customers." E-care integrates the analysis of data about customers with customer communications.

The INSEAD business school in Fontainebleau near Paris teaches e-commerce management in both its MBA and non-degree executive programs. Says Albert Angehrn, who teaches IT management courses at INSEAD: "Course participants create their own on-line companies. This enables them to see how quickly a virtual company can be created in contrast to the procedures involved in setting up a more traditional business."

Overcoming resistance
Courses also deal with how to handle new communications channels in an entrepreneurial way in large, well-established corporations. "Managerial resistance to change is a big issue in this respect," says Mr. Angehrn, "and we have developed a multimedia simulation that enables participants to learn techniques to overcome this resistance."

Another approach is illustrated by the Mercure IT network. This was created five years ago by four French business schools — ESSEC in Cergy-Pontoise, E.M. Lyon, EDHEC in Lille and ESC Nantes Atlantique. One of Mercure's main uses is for teaching, including strategic marketing and e-commerce applications.

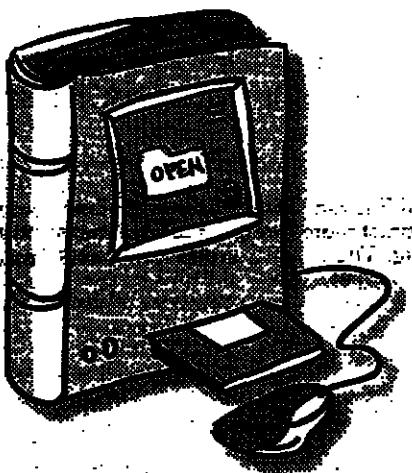
In a more specialized example, the European Institute of Purchasing Management in eastern France integrates e-

commerce into its MBA program in connection with corporate purchasing procedures.

Help for fledgling companies

In December 1998, Nik Fuchs (a Swiss citizen), Maria Luis Rodriguez (Venezuelan), Sven Awege (part British) and Frédéric Dromigny (French), graduated from EAP's MBA program in Paris. In January, the four became partners in creating their own business, called E-Co Consulting, to advise on IT-linked strategic management issues. EAP is helping the fledgling company by providing physical accommodation at the school's premises during the launch period.

"Electronic commerce was dealt with in the EAP MBA course in conjunction with the subject of competitive intelligence," says Mr. Awege. "We were able to look at these subjects in a strategic context and to see how e-commerce will be likely to affect business development in the future." The course also included in-company projects, which gave the four partners the opportunity to acquire the beginnings of a client base. Mr. Angehrn reckons that one of the most important things that participants learn in his courses at INSEAD is how managers can interconnect with employees and others in a corporate setting where people are not physically in the same place.



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Kosovo Exit Strategy

Some opponents of U.S. involvement in the Balkans argue that Bosnia and now Kosovo could prove to be quagmires for U.S. troops. President Bill Clinton said on Friday that the United States would try to limit its involvement and its mission, and "conclude it as quickly as we can." Fair enough. But in fact a modest number of U.S. troops may need to stay for some time, and perhaps the better response would be: So what? The United States has been fighting for democracy in Europe for more than half a century. The battle is nearly won. This would be a foolish time to give up.

For decades after World War II, Republicans and Democrats alike supported the stationing of hundreds of thousands of American soldiers in Europe. It was understood that the U.S. national interest demanded stiff resistance to Soviet communism and ardent support for democracies and free markets. Now, more than anyone could have imagined a dozen years back, democracy has spread through Central and Eastern Europe. From Portugal in the southwest to Russia in the northeast, dictatorships have been vanquished. Democracy is shakier in some countries than in others, more or less reversible, but almost everywhere ascendant.

The few exceptions stand out all the more glaringly. Among them none is more egregious than Slobodan Milosevic of Serbia. As he has shown throughout this decade, one despot can cause misery and sow instability well beyond his own borders.

He did so in Bosnia, he is doing so

now in Kosovo. Nearly a half-million people have been rendered homeless in that province of 2 million by the military assaults of Mr. Milosevic's troops. Many again are in danger of exposure to hunger and cold, as Serbian troops escalate their anti-civilian offensive. Neighboring countries — Macedonia, Albania, even Turkey and Greece — could be sucked into the violence that Mr. Milosevic has unleashed.

Mr. Clinton on Friday cited all these reasons for possible U.S. intervention: the risk of more massacres, the danger of war spreading, the challenge to NATO credibility. They are all valid. But subsuming them all is the U.S. interest in completing the mission of supporting democracy throughout the European continent.

It is true that the United States should be cautious in dispatching troops, should avoid taking on nation-building exercises that may not be feasible. It is true that the United States has no overwhelming interest in whether Kosovo is independent or merely autonomous. But the United States does have an interest in helping the people of Serbia and its Balkan neighbors who want self-rule, and in opposing the tyrants who try to stifle them.

The fight between democracy and totalitarianism is never static; if America is not helping one side, it is by inaction strengthening the other. The United States should indeed have an exit strategy for its deployments: It should bring the troops home once democracy is secure.

—THE WASHINGTON POST

A President Is Back

At his first full-dress news conference in 11 turbulent months, President Bill Clinton showed on Friday what normalcy could be like. It was not especially newsworthy, which may have been a White House objective.

Extremely cautious when discussing China and animated in outlining his economic program, the president referred many times to his 22 months left in office. But he also hinted that he had begun thinking about the more distant future, which could include living in New York.

There was almost no talk of confrontation with the Republicans, and no real moral or intellectual engagement with the conduct that brought about his impeachment.

All told, from President Clinton's point of view things went smoothly, leaving no reason for him not to return to a normal schedule of press conferences in the future.

Much of the session was dominated by news from overseas, the arena in which a president in his last two years of office can often make the most difference. Even at his most combative, in warning the Serbian leader Slobodan Milosevic of NATO military action in Kosovo, Mr. Clinton sounded logical and convincing but not especially bellicose.

His comments were limited and self-protective in denying that the administration had been slow to recognize possible Chinese espionage. For ob-

vious reasons, he emphasized that such activity had been going on for "years and years and years" — that is, before he took office. He defended continuing engagement with both China and Russia, but in a manner more businesslike than passionate.

A lot more passion came into play when he sounded determined to leave as his legacy the shoring up of Social Security and Medicare, as well as the national savings rate. But there was also a wistful valedictory tone that has been observed in many of his recent public appearances.

The president spoke of the loyalty of "the overwhelming majority" of his staff, an obvious slap at memoirists like George Stephanopoulos. He spoke of a final "box score" that would make his lying look like a more proportional part of his record. And he seemed enthusiastic about the possibility of his wife Hillary serving in the Senate.

By passing up most but not all opportunities to address the scandals of the last year, Mr. Clinton was understandably trying to turn the page. In defending his foreign and domestic policies, he seemed to go out of his way not to challenge his Republican critics, particularly those who worry about intervention in Kosovo.

It was a cogent performance, making clear that Mr. Clinton needs to resume a regular conversation with the nation, and that he probably can.

—THE NEW YORK TIMES

A Plan for Pyongyang

The Clinton administration has defused a dangerous crisis by persuading North Korea to permit unlimited American inspections of a suspicious construction site. Washington feared that the area was being readied for secret nuclear weapons work. But the inspection agreement leaves many problems unresolved, including the future of North Korea's provocative long-range missile program.

North Korea seems to be running an international extortion racket, trying to trade in threatening weapons programs for food, cash and other forms of assistance. Even worse, it may hope to continue secretly developing these weapons, with which it could threaten South Korea, Japan and the United States in a future crisis. America needs to change the nature of the bargaining by developing a more comprehensive approach.

Washington's 1994 agreement with Pyongyang has frozen North Korean nuclear weapons development for nearly five years. But it also has encouraged the North to seek new rewards in exchange for restraining its missile program and for allowing inspections of the new construction site.

In the latest agreement, the administration rightly rejected calls for large cash payments and agreed instead to a modest increase in food aid. Private American groups will also help the North increase its potato crop.

Talks on the missile issue resume on March 29, and American negotiators should make clear that Washington does not want another one-issue deal. Congress and the administration are understandably frustrated with North Korea's seemingly unending series of threats and demands.

To break out of this pattern, the White House last fall asked William Perry, the former defense secretary, to review American policy on North Korea. His recommendations are expected next month.

The administration should offer North Korea a plan to reduce tensions between the two countries. The administration should make clear that it would be willing to ease economic sanctions and move toward diplomatic recognition. In return, Washington should insist that North Korea make a verifiable commitment to cease all dangerous weapons production and sales.

—THE NEW YORK TIMES

The Time Has Come to Rethink U.S. China Policy

By Jim Hoagland

WASHINGTON — A morally and politically flawed China policy suddenly seems mortally wounded. The outburst of controversy over Beijing's behavior presents a chance for the White House and Congress to come together at last on a China strategy that serves America's interests and values.

Allegations of espionage and campaign finance efforts by Beijing strip away the self-serving abstractions of "engagement" as pursued by Presidents George Bush and Bill Clinton. So does Beijing's furious response to tempered suggestions that the United States may someday sell defensive anti-ballistic missile systems to Japan, South Korea and Taiwan.

There is a strategic conflict between China and the United States. That conflict now centers on the future of Taiwan, not on human rights or economic policy. Trying to sweep this conflict under the rug of the "strategic partnership" that Mr. Clinton has proclaimed with President Jiang Zemin is doomed to fail.

Only if you put Taiwan at its center does recent Chinese behavior toward

Washington make sense. And only by recognizing Taiwan's centrality to U.S. policy in the region can Mr. Clinton get his China policy on a steady footing. His compromising on Taiwan, aggravated by China's focus in Congress who push too hard in the other direction, is at least as serious a failure as his flip-flop on human rights.

Beijing's envy and fear of Taiwan's sophisticated, legal lobbying in Congress lie at the heart of China's alleged attempts to buy influence in the Clinton White House, but this does not excuse those attempts.

China's reported theft of U.S. nuclear technology does not change the strategic balance, as various espionageists for the regime or for the munificence of the Los Alamos lab fiasco. Beijing is not foolish enough to engage the United States in a direct nuclear exchange simply because it gained a decade in warhead miniaturization.

But upgrading its nuclear forces

through espionage does fit Beijing's objectives of intimidating Taiwan and steadily raising the potential price to the United States of opposing the mainland's will. Any U.S. commander in chief must now take seriously the Chinese military's boast that it can take out Los Angeles if the United States chooses to defend Taiwan from invasion or direct intimidation such as the missile firings of 1995 and 1996.

The untold part of the sudden deterioration in U.S.-Chinese relations is the urgency that the Taiwan issue has gained because of Mr. Jiang's increasingly insistent view that his historic role is to "reunify" China by the time he leaves the scene. To do that, the 72-year-old leader must follow the hand-oven of power in Hong Kong in 1997 and in Macao later this year with the absorption of Taiwan — not in the fullness of time, but in short order.

Mr. Jiang has made this view clear to recent visitors to Beijing, after reportedly stressing it to Mr. Clinton in their 1997 and 1998 summits. Mr. Clinton is said to have failed to respond directly each time. And in public he has

steadily retreated from the deliberate ambiguity of previous administrations on U.S. commitments to defend Taiwan against mainland attack. He has not emphasized the centrality of the "no use of force" component of U.S. policy on Taiwan.

The administration and Congress should join in reaffirming that the United States will oppose the use of force against Taiwan and is committed to encouraging peaceful, democratic change in Chinese society.

The missile defense controversy provides an occasion to see binding, verifiable commitments from Beijing not to use force to accomplish unification — thereby eliminating the need for such weapon systems on Taiwan.

And the visit by Prime Minister Zhu Rongji to Washington next month gives the administration an opportunity to reach a framework agreement with Beijing on economic relations that would be elaborated into a final accord through formal consultations with Congress, which should not be precluded with a take-it-or-leave-it choice.

The Washington Post

Kosovo Dilemma: NATO Alone, Without UN Backing?

By Jonathan D. Tepperman

NEW YORK — Since 1995, when NATO took over the United Nations' peacekeeping role in Bosnia, having first bombed the Serbs into submission, there has been a confusion of the two organizations in the Western public's mind. NATO and the United Nations seem to have become interchangeable.

This makes a NATO role in Kosovo seem proper.

But the fact is that NATO is not the United Nations.

The United Nations is the world's preeminent international organization, dedicated to the maintenance of "international peace and security," founded to "save succeeding generations from the scourge of war." NATO is a very different animal — the expression of a mutual defense treaty, a promise by 19 countries to back each other up in case of outside attack on any one of them.

The United Nations was formed to protect the world

from future wars. NATO was formed to protect Western Europe from the Soviet Union.

The UN Charter gives the Security Council the power to authorize sanctions or military intervention whenever it finds a "threat to the peace, breach of the peace, or act of aggression."

The North Atlantic Treaty includes no such rule. Other than pledging to abide by the general principles of the UN Charter, NATO members undertake only to fight for one another in case of attack on their territory.

By slaughtering ethnic Albanians, Serbia may well have breached international humanitarian law, but it has hardly threatened NATO territory. So why is NATO involved? Who made it the global policeman?

The answer dates back to 1994, when NATO stepped into the breach of the Bosnian war. UN peacekeepers had proved

unable to keep the warring sides apart, with disastrous consequences — made especially vivid when, in July 1995, Serbian forces overwhelmed the UN "safe haven" of Srebrenica and massacred Muslim civilians while impotent Dutch peacekeepers stood by. NATO responded by bombing the Serbs.

Five months later, the Dayton peace accord was signed, and NATO troops took the place of UN blue helmets.

NATO's actions in Bosnia were authorized by the Security Council. This gave them a stamp of legitimacy. The world community had deputized NATO to act.

Nothing like that has happened in Kosovo. NATO never bothered to get outside approval before it started threatening Slobodan Milosevic. In fact, NATO leaders seemed to consciously avoid

the cumbersome UN process. If NATO does end up striking the Serbs, it will be alone, unable to claim universal support.

Does this matter? NATO represents much of the Western world. Few people, in the West or elsewhere, want the bloodshed in Kosovo to continue. And it is NATO's very unilateralism — its ability to take decisive action without having to wait for the fabled Security Council to make up its mind — that makes NATO action so effective.

At least NATO is doing something about the Serbs, or promising to. Should this not be applauded? If NATO wants to expand its mission from mutual defense to international policing, should we not encourage it to?

Perhaps. But at the very least, policymakers and the public in NATO countries should be very clear about what is going on.

This is NATO, a strictly regional organization, not the United Nations. Westerners

may sometimes get the two confused, but you can bet that not a lot of Russians do. If the West starts taking international law into its own hands, it better have an answer ready when the Russians or the Chinese demand to know why they should not do the same.

Just as international law isn't everything, neither is expediency the only thing to care about. Unilateral actions are often easier than multilateral ones, and going it alone is a lot faster than going through a committee, but there are reasons why we created those committees.

Before NATO members give up on the United Nations and the legitimacy it confers, they should be clear about what exactly they are doing, and prepared for others to do likewise.

The writer, an associate editor of Foreign Affairs, contributed this column to the International Herald Tribune.

Europeans Need an Accountable, Efficient Commission

By Roy Denman

BRUSSELS — The mass resignation in the early hours of March 16 of the 20-strong European Commission is the most sensational event in the history of the European Union.

The commission's resignation followed a damning report by an independent panel slaming fraud, mismanagement and nepotism. If the commissioners had not resigned, the European Parliament would have kicked them out.

This should not drive out a sense of perspective. An equally rigorous inquiry into the internal workings of all member states would also probably have unearthed a fair crop of scandal. And the commission has some considerable achievements to its credit.

In the 42 years of its operation it created a customs union, followed this up by

bringing about a single market, and then put in place a monetary union among the great majority of EU members. It has masterminded the accession to the original six states of another nine. It is now engaged in negotiation for the admission of up to 11 more.

And in four successful rounds of world trade negotiations the European Commission has played a leading part.

But past successes are no defense for unmasked incompetence. Why did things go wrong? Can they be put right?

The member states have a major responsibility for that which has gone wrong. Their talk of the need to bring Europe closer to the people is hypocritical baloney. They have consistently refused to give up their

power to nominate commissioners, or to cut down the excessive number of commissioners.

And the member states have too often sent mediocrities or worse who need to be got rid of. Some commissioners over these 42 years have made a distinguished contribution to the Union's history. Many others would have been better employed peeling potatoes or breaking stones for roads.

What is needed is for the member states to:

• Give the European Parliament the right to elect the president of the commission and to reject, in the tradition of the Senate of the United States, nominees for commissioner if they judge them inadequate.

• Give the president of the commission the power, enjoyed

by any head of government, to fire a commissioner whom he or she finds inadequate.

• Give the commission adequate and competent staff for the jobs assigned to it by member states. If this had been done in the case of the very substantial sums disbursed for aid to Eastern Europe, most of the fraud would never have been allowed to happen.

• Follow the example of the French and send adequate high-quality staff to the commission. One major offender is the British government. Whitehall makes no secret of its innermost belief that the commission is a kind of comic opera army that no British high-flyer would condescend to join.

• Desist from constantly sniping at the commission. Some years ago much popular indignation in Europe was gen-

erated by an absurd regulation of the commission laying down a maximum limit for cucumber growers. It turned out that this was the result of a request by the Danish government at the instigation of Danish cucumber growers. If requests like this succeed, the member state concerned claims its credit; if not, it blames the bureaucrats in the commission.

The commission cannot escape its share of the blame. It should have insisted on rigorous anti-fraud measures and on the extra staff to enforce them. Above all, it should have stopped the growing arrogance of the cabinet/personal staffs of commissioners, who have ignored professional advice from senior staff, flattered and isolated their losses from the real world, and taken the lion's share of top jobs regardless of seniority or qualifications.

What the European Commission needs is a tough new president who will bring heads together, cut the cabinets down to size, return administration of the commission to its professional managers and ensure that these managers are promoted on merit.

What the European Union needs are governments that genuinely want being closest to the people. This means ceding to the European Parliament the powers to hold the executive to account and thus make Europe a genuine democracy.

The writer, a former representative of the European Commission in Washington, contributed this column to the International Herald Tribune.

This Brussels Crisis Is a Chance to Sharpen the Focus

By William Pfaff

PARIS — The resignation of the entire European Commission has delighted enemies of a united Europe in Britain and elsewhere. It has also produced a certain satisfaction in U.S. official circles. The European Union has been weakened just when a series of important conflicts with Washington approach a climax.

One conflict is the useless and destructive "banana war," which has produced a retaliatory European complaint to the World Trade Organization against the so-called Super 301 provision in U.S. law that requires unilateral reprisal for perceived trade discrimination.

Another fight looms over Europe's impending ban on old and noisy U.S. aircraft. Still another concerns American hormone-fed beef and genetically modified food exports. This will shortly be followed by trouble over the U.S. practice of feeding poultry and livestock with antibiotics used in treating humans. (Europe bans the practice.)

These trade conflicts occur against a background of political ill will over acquittal of the Marine Corps pilot who killed 20 people in Italy, over the U.S. refusal to return to Germany Stasi secret files seized by the CIA when Germany reunited (Germans suspect that the files are being kept for the purpose of political blackmail), and over the Washington allegation that Greece gave NATO codes to Russia. These are not happy days in trans-Atlantic relations.

The crisis has weakened the commission as an institution. Leon Brittan, Karel van Miert and Yves-Thibault de Silguy, major figures in the trade, competition and fiscal wars, are off-

ficially out of office. And yet these events may prove a blessing for the European Union.

The 20-member commission, was set up to direct a relatively small and apolitical body of experts and technicians who propose policies to the ruling European Council composed of ministers from the EU governments, and to execute the council's decisions. Its mandate is to guard and carry out the treaties uniting Europe. It was not meant to be open, "democratic," accountable to anyone but the council.

This worked when there was no European Parliament, and "Europe" consisted of six nations with kindred political philosophies. Since the 1970s, with a Parliament and with the EU's steady expansion to its present 15 members (with more to come), the commission has become unwieldy, understaffed and increasingly (with honorable exceptions) a place where used up politicians are sent to pasture and awkward ones are parked.

Reform of the EU's government structure has been an urgent need for some time. Agreeing on reform promised to be a political nightmare. Now it has to be done. The crisis may prove one of those serendipitous events that have helped to produce European unity.

This is why many good "Europeans" are grateful for commissioner Edith Cresson's petty nepotism and President Jacques Santer's bumbling administration, and even for the rip-offs and sweetheart deals among consultants and subcontractors, revealed last Monday by the investigating committee of independent experts.

Reform means confronting the EU's contradictions, which until now have been considered better ignored. The fundamental contradiction has to do with what exactly "Europe" is to become. There is only one possible answer, now that the EU has 15 members and expects to grow.

It will be an extremely close alliance of sovereign nations, with common values and profound common interests, that have integrated their financial regimes and their markets, and are determined to cooperate as closely as possible in all other domains. The institutions of the EU will be the agency of their integration, but not the depository of their sovereignty.

However, there are many, particularly in the smaller European nations, who are not content to believe that this is the realistic outlook. They want a sovereign European government, with national authority confined to secondary matters.

The decisions made in the next few weeks to reconstitute and reorder the commission will not resolve this fundamental division, but a new mandate has to be given to the commission; and drafting that mandate will force the 15 governments to confront this divisive problem with a seriousness that they have not yet summoned.

As if the commission crisis were not enough, the 15 now are also committed to naming a person to become responsible for Europe's foreign and security policy. He or she will confront a second version of the sovereignty issue. Here the United States is implicated.

The obstacle to Europe's independent foreign policy ambi-

tion is the opposition that exists between those Europeans who want to act in the world, or even to lead, and those who, for honorable reasons, want to be led or even to efface themselves from the history of nations, which is a history of nationalisms.

Europe's future thus involves a choice about the United States. This is why the transatlantic conflicts are more significant than many want to think. Relations with the United States provide the key to what "Europe" will become in the 21st century.

International Herald Tribune
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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1899: Kaiser's Beard

PARIS — [The Herald says in an Editorial:] The German Imperial Naval Office issued an order opposed to naval officers wearing moustaches only. The face is to be either clean shaven or the beard and moustaches must be both worn. What will the Kaiser himself do? As the chief of the army, he must wear the military moustache; as the head of the navy, he must shave it off, or grow a naval beard. Perhaps the best means for the Kaiser would be to have a false beard made, which he could put on every time he dons his naval uniform.

1924: Women's Politics

PARIS — [The Herald says in an Editorial:] In America and Great Britain organized groups of women are busying themselves with public measures specially concerning their sex. The Duchess of Atholl, one leading

figure in feminism in the United Kingdom, has pronounced herself as against a distinctive Parliamentary group of women. But social history is that of constant antagonism of the sexes. Will the greater freedom aimed by women place their antagonism in abeyance, or rather bring it into greater evidence?

1949: A Tame Show

BIRMINGHAM — Six half-naked chorus girls who expected to shock Birmingham played second fiddle to three ear-nude men. The occasion was the opening performance of the French Folies-Bergere in this city, which once made Pavlova dance in tights. Under Birmingham rules, a moving nude is against the law, so six girls bare from the waist up had to remain still during their act. Consensus of first-nighters about the show was "Very ordinary. They must have cut out a lot."

Herald Tribune

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U.S. Boom Is 'Virtuous Circle' That Defies Logic

By Louis Uchitelle
New York Times Service

NEW YORK — The Dow Jones industrial average floats near 10,000. Jobs are plentiful. Wages are rising. Spending is everywhere. The economy booms, month after month. And nothing seems to shake the public sense of prosperity.

So why are the oracles of the U.S. economy sounding so nervous?

Listen to the chairman of the Federal Reserve Board, Alan Greenspan, who told Congress in February that the economy "appears stretched in a number of dimensions." That came on top of his insistence in September that America cannot remain an "oasis of prosperity."

Or hear out Warren Buffett, the stock-market guru, who said on national television only three weeks ago: "The level of speculation is high by any historic standard. And you know that doesn't go on forever."

The nervousness, in fact, may be appropriate. This is hardly a standard, predictable boom. Normally, there is a beginning, middle and end — the typical post-World War II pattern. After a recession or period of sluggish growth, spending and investment pick up. Low-interest loans and more jobs help the process along.

But in time, people find themselves pressed financially. Worried, they slow their spending, and investment drops off. Or shortages develop, prices rise, and the Fed, fearing too much inflation, raises interest rates to discourage the borrowing that sustains good times.

Either way, sluggish growth returns, or a recession sets in.

But the boom that started in late 1995 broke this pattern. It is like a perpetual-motion machine, each part keeping the other moving — and moving indefinitely, many Americans have come to believe.

"There is this sense that we don't have to worry about problems or adverse conditions," said Richard Curtin, director of the University of Michigan's Consumer Surveys. A "virtuous circle," economists call it, has taken hold.

The trouble is, if one part malfunctions, or breaks, the whole contraption may collapse.

A vicious circle would replace the

See ECONOMY, Page 13



CHECKING THE FINE PRINT — Chancellor Gerhard Schröder of Germany taking a look Sunday at a tiny computer screen, an innovation on display at the CeBIT technology fair in Hannover.

Shareholders Take On Big Seoul Firms

By Don Kirk
International Herald Tribune

SEOUL — They shouted, heckled and asked annoying questions, but minority shareholders ultimately faced frustration in their weekend battle against five of the country's biggest, most prestigious companies.

After a nine-hour annual meeting of shareholders at Samsung Electronics Co., the flagship of the Samsung group, Jang Ha Sung, the Korea University professor who has spearheaded the drive to democratize the company, said the shareholders' battle was a success.

"Mr. Jang said, one that would have given minority shareholders the power to elect a member to the board of each of the companies. In the end, he said, 'our plan was aborted.'"

Minority shareholders, banded to-

gether in a group called The People's Solidarity for Participatory Democracy, were defeated at shareholders' meetings at each of the companies — Hyundai Heavy Industries, Daewoo Corp., LG Semicon Co., and SK Telecom Co. as well as Samsung Electronics.

Those companies are among the largest entities in South Korea's five biggest chaebol, or conglomerates.

Shareholders' meetings, traditionally pro forma affairs in which the executives of large companies faced no criticism, much less opposition, took a different

turn this year because of South Korea's economic crisis. The conditions for a rescue package in December 1997, the International Monetary Fund demanded that South Korean companies respect the rights of minority shareholders. Mr. Jang has filed lawsuits against some companies, alleging the misuse of

Gucci Drama Goes Back to Court

By John Tagliabue
New York Times Service

ROME — The high-stakes, high-drama struggle for control of Gucci, an Italian fashion house, returns Monday to a Dutch court, after the French luxury-goods maker LVMH Moët Hennessy Louis Vuitton SA said it would seek to invalidate a deal Gucci struck Friday to sell 40 percent of its shares to one of France's wealthiest investors.

LVMH, which makes Louis Vuitton leather goods and Moët & Chandon champagne, will argue that the deal is meant to foil the designs of LVMH to seize control of Gucci. In the French company's view, this violates a ruling this month by the Dutch court that the two companies negotiate a compromise in their two-month struggle.

The battle between Gucci, the fashion house founded by the Florentine family of the same name, and LVMH, the creation of Bernard Arnault, one of

France's most successful industrialists, resembles an opera with its plot twists and ambitions.

It took a fresh turn Friday, when Gucci said Francois Pinault, a self-made billionaire whose holdings include the Au Printemps department-store chain in France and Christie's auction house in London, had agreed to pay \$3 billion for a 40 percent stake in Gucci.

Gucci said Mr. Pinault had also bought for \$1 billion the French drug maker Sanofi's beauty-products brands, including Yves Saint Laurent, Krizia and Kenzo, with an eye to bringing them into Gucci.

Gucci clearly intended to enlist Mr. Pinault as a white knight to foil Mr. Arnault, who has been seeking control of Gucci since January, when he announced that he had assembled a 34.4 percent stake in the fashion house.

For many in the luxury-goods business, the struggle has been indicative of the way the business will change in the

next few years, as niche brands are absorbed by big groups that can compete around the world.

On Friday, Mr. Arnault initially responded by doing something he had previously said he would never do, making a bid for all outstanding Gucci shares, at a cost of about \$5 billion.

The bid not only exposed Mr. Arnault's weakness — on Thursday he had said a full bid for Gucci was too risky — but also confronted Gucci with a difficult choice. On Sunday, Gucci's board was expected to meet the company's chief executive, Domenico De Sole, to discuss options.

Gucci can reaffirm the deal with Mr. Pinault, or overturn it and accept Mr. Arnault's counteroffer. That move could, however, provoke a damage suit from Mr. Pinault. The board could also postpone a decision until the court in the Netherlands, where Gucci is incorporated.

See GUCCI, Page 13

Mediaset and Kirch Form TV Network

Bloomberg News

MILAN — Mediaset SpA of Italy and Kirch Group of Germany have said they will pool 1 billion euros (\$1.1 billion) in assets in a joint venture to create the first pan-European TV network.

As part of the agreement, Mediaset's controlling shareholder, Fininvest SpA, and Prince Walid bin Talal, a Saudi Arabian investor, will pay 191.7 million euros each for 3.2 percent stakes in Kirch Media KGaA, the company's commercial TV and rights unit.

Mediaset, a leading Italian commercial television company, and Kirch, Germany's second-largest media company, have been in talks about an alliance since last summer. Rupert Murdoch's News Corp. had also been considering an investment in the German company. But Mr. Murdoch stayed out of the deal because he was more interested in investing in the new operating venture rather than the Kirch holding company, executives said.

The link-up will allow Kirch and Mediaset to save on acquiring TV rights, sell advertising in more markets and bypass regulatory bans on domestic expansion.

Kirch has a great film library, while Mediaset is strong in selling ads, so together the two could become a powerhouse on a pan-European level, said Paola Toschi, an analyst at AFV-Milla SIM in Milan.

The two companies already control broadcasters in German-language nations, Italy and Spain, an area that represents two-thirds of Europe's TV advertising market.

Kirch and Mediaset said late Friday they planned "progressive integration on a European level, both in corporate and operating structures."

Mediaset's planned investment in the new venture, excluding transferred assets, is about 195 million euros, the

company said. The venture, which will be called New Joint Holding, will be equally owned by the two partners, with Jan Mojto, Kirch's managing director, serving as executive president and Maurizio Carloti, Mediaset's chief executive, serving as chief executive. The deal is expected to close in June.

As a first step, the partners will transfer to the venture 28.9 percent of Kirch-controlled SAT 1 Satellitenfernsehen GmbH, a German TV network, all of Mediaset's Publieurope advertisement sales agency and all of Kirch's BetaFilm GmbH film library, which is the largest film library outside the United States. A separate venture will be created to handle movie rights, with Fininvest's Medusa SpA film unit taking a 30 percent stake.

By the end of next year, Mediaset and Kirch plan to transfer to the venture 28.9 percent of Telecinco SA, the Spanish broadcaster in which they own 25 percent each. By mid-2002, Mediaset will also have the right to move into the venture at least 28.9 percent of one of its three Italian TV channels, Italia 1, Canale 5 and Rete 4.

As part of the alliance, Fininvest plans to develop new media and Internet businesses, creating a pan-European Internet portal that would compete against the likes of Lycos Inc. and Yahoo! Inc. and to create a new media venture capital fund.

See CHAEBOL, Page 13

CYBERSCAPE

On-Line Trading Becomes a Teenage Craze

By Amy Joyce
Washington Post Service

WASHINGTON — Clad in baggy jeans and surrounded by sports memorabilia, Jason Belinkie, 16, is expertly surfing the Internet on his home computer. And, like so many of his friends today, he is checking in on his latest love: the stock market.

Abercrombie & Fitch Co., America Online Inc., Intel Corp., Microsoft Corp. and Amazon.com Inc. top his list of favorite stocks.

Jason says he likes to buy stocks for things he uses. But a couple of years ago, soon after he bought Oakley Inc. stock (everyone was buying Oakley sunglasses, he explained), the stock's price went down a bit. His theory: You need to buy Oakleys only once every couple of years.

He said he did not really lose much money on that venture. So he shrugged, sold it and read up on his next pick.

"I do this just about every day," Jason, a junior at Walt Whitman High School in Bethesda, Maryland, said one recent afternoon as he typed in "stock quotes" on the America Online home page, glanced at the numbers and then traveled to the day's analyst advice. Jason wouldn't disclose figures, but he said, "My earnings have about doubled."

There are no reliable estimates of how many teenagers are buying and selling stocks; trading accounts must be owned

by adults. But evidence abounds of youths' rising interest in the market. High school stock clubs are bulging (the one at Jason's school has about 80 members), and about 200,000 American teenagers across the country — an increase of more than 50 percent since last autumn — are playing Stock Market Game 2000, one of several trading games available on the Internet.

Investor confidence among youths springs from having seen the market only go up.

What's the draw? Some of the same factors fueling the investment boom among adults.

Some 41 percent of U.S. households own stocks, a sharp increase from previous years attributed in part to the rapid growth in retirement accounts with tax advantages. Other factors include the advent of discount brokerages and on-line services, which have dramatically reduced the costs and increased the ease of buying and selling stocks.

And teenagers have grown up with personal computers. Jason, for example, likened his stock trading to playing a video game. Without computers, "access wouldn't be as easy," he said, adding, "I don't really pay attention to annual reports."

Teenagers also have the confidence that springs from having seen the market only go up. They are far too young to have any knowledge of the last pro-

tracted downturn in the stock market a quarter-century ago.

"Kids want to know about investing," said Mike Rauer, a history teacher and founder of the economics club at Bishop Ireton High School in Alexandria, Virginia. The club has 56 members, 50 of them trading real stocks. "All of them think about the stock market because it is doing so well right now."

To trade stocks, a minor needs a parent to set up an account with an adult named as custodian to approve any transactions, said Thomas Bird, vice president of investments with the brokerage house Legg Mason Inc.

Several teenagers said they had received stocks as gifts from relatives and then developed an interest after their parents encouraged them to follow the stocks' performance.

Meaghan Long, a 17-year-old senior at Bishop Ireton, said her parents set up her portfolio when she was 13, primarily with money inherited from her grandmother.

"I have to get my parents' signature and stuff," she said. "But I make the suggestions."

She said she had started with \$9,000 in her stocks and recently estimated they were worth about \$23,000.

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CURRENCY RATES

Cross Rates					March 19					Other Dollar Values					March 19				
	\$	£	SF	Yen	CS	Dome	Greek	Swede			Per	Currency	Per	Currency	Per	Currency	Per	Currency	
London (d)	1.6292				2.2821	190.81	2.4716	11.0823	479.253	13.3183									
New York (d)					1.42856	1.4573	117.155	1.5153	6.8153	295.08	8.183								
Tokyo	117.55	191.52	80.73		77.44	17.36	N.Q.	14.49											
Toronto	1.5152	2.467	1.0329	1.2934			0.2224	0.5133	0.1848										
Zurich	1.4626	2.3844			1.2492	0.9648	21.5229	0.8716	0.1719										
One euro	1.0926	0.4726	1.598	128.00	1.665	7.4315	321.52	8.912											
One SDR	1.3703	0.842	1.9893	162.617	2.0825	9.2501	399.999	11.1408											
Interbank rates excluding commissions.																			
To buy one pound in To buy one dollar: *Per 100 M.L.: not quoted; N.A.: not available.																			
SDR: Special Drawing Rights of the IMF.																			
Source: Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); Banque de France (Paris); IMF (SDR). Other data from Reuters.																			
Euro Values																			
Fixed rates of the EMU member currencies, for one euro:																			
American dollar	1.37603																		
Belgian franc	40.3399																		
Dutch guilder	5.34757																		
French franc	6.55957																		
German mark	1.93603																		

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Consolidated prices for all shares traded during week ended Friday, March 19

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ECONOMY: Machine in Motion

Continued from Page 1

virtuous one," said Robert Solow, a Nobel laureate in economics, "and feed on itself."

The perpetual-motion economy, in brief outline, works this way: The rising stock market generates the household wealth that encourages the borrowing that pays for the spending that creates the jobs and higher wages that generate the confidence that encourages people to invest in stocks and make the market rise some more.

"Many of us who have been doubters are starting to believe that this thing can go on forever," said Stephen Roach, chief economist at Morgan Stanley Dean Witter.

"That is a complacency we may live to regret. But I cannot really substantiate doubt for a good analytic reason."

The stock market, a secondary player in standard booms, is the biggest cog this time around. As stock prices have shot up, household wealth has more than doubled in recent years. Wages have risen, but not nearly as fast as the rise in household wealth.

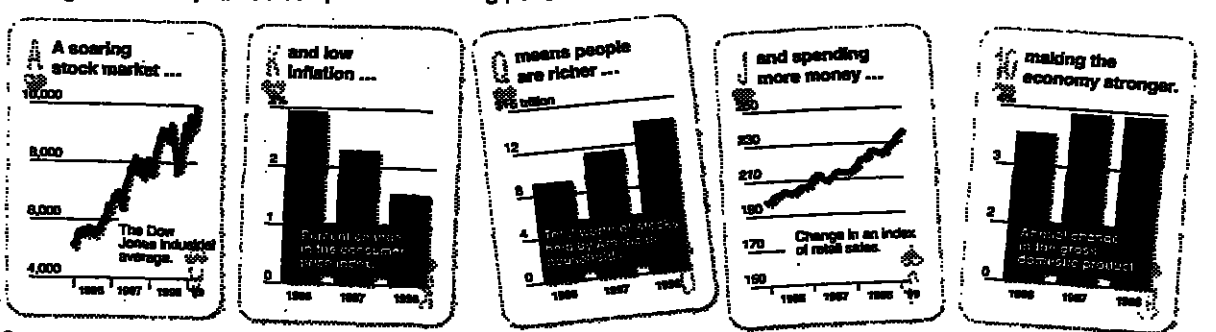
And people are spending their new wealth, either by selling stock or borrowing against it.

It is not that the stock is the actual collateral.

Instead, millions of people are putting up their homes as collateral, but with the thought, say lenders and economists,

Betting on a Good Hand

The strength of the U.S. economy, reflected in a soaring stock market, low inflation, rising household wealth and strong retail sales, can be compared to a strong poker hand: If one "card," or indicator, changes, the economy's winning trend will be broken.



Sources: Bloomberg Financial Markets; Commerce Department; Federal Reserve; Bureau of Labor Statistics

The New York Times

that they can sell stock to repay debt if necessary.

Mortgage and home-equity loans, as a result, are the fastest-rising form of consumer debt in recent months.

The perpetual-motion economy has other intriguing components. Inflation has stayed low, depriving the Fed of a reason to raise interest rates and provoke a slowdown. One big reason for the low inflation: Businesses here and abroad are producing more than people want to buy, even high-spending Americans.

Raw materials are particularly cheap, and the competition to sell excess production holds down prices. Not even low unemployment and rising wages offset

the downward pressure on prices.

The low inflation, in turn, produces low interest rates, which encourage people to borrow and spend on home construction, for example, and autos. Jobs are created, wages rise, confidence flourishes, and more money is invested in the stock market, creating more wealth for households to borrow against. The flywheel keeps turning.

The global economic slowdown offers a separate contribution to this self-perpetuating mechanism. Asian economies, including Japan's, are hurting. Europe is not particularly robust either. So corporate Asia and corporate Europe have turned to America, selling their

merchandise here at what amounts to discount prices, helping to keep inflation down.

There is one more link in this circle: Foreign investors take some of the dollars earned here and, rather than invest them back home, buy American securities, including stocks — and share prices rise.

"I think the boom in America that seems so enduring will come to an ironic end," said John Makin, an economist and senior fellow at the American Enterprise Institute.

"As the rest of the world does better, that will put a cap on things here for a while."

GUCCI: Fight Heads to Court

Continued from Page 11

ated, meets Monday.

Any decision the board takes would ultimately be subject to shareholder approval. Among the shareholders are Mr. De Sole and Tom Ford, Gucci's creative director, and they clearly favor Mr. Pinault's offer, considering that of Mr. Arnault's offer, considering that of Mr. Arnault's offer.

Although Mr. Arnault has bid \$85 a share, well beyond Mr. Pinault's \$75-per-share bid, Mr. Arnault's offer was made contingent on Gucci's backing out of the deal with Mr. Pinault.

Pierre Gode, a close associate of Mr. Arnault, accused Mr. De Sole of duplicity.

While Mr. De Sole said he resisted LVMH's advances to save Gucci from French hands, he negotiated at the same time to give control of Gucci to a competing French group.

The dramatic aspects of the struggle are rooted in the personalities of the two main antagonists. Both Mr. Pinault and Mr. Arnault are keen art collectors and connoisseurs of great wines; they also are savvy but ruthless businessmen. Beyond that, the similarities pale.

Kuwait Backs Hoechst Plan

Bloomberg News

ABU DHABI — Kuwait Petroleum Corp., Hoechst AG's biggest shareholder, has agreed "in principle" with a plan by the European drugmaker to speed up its merger with Rhone-Poulenc SA of France to form the world's second-largest drug company.

Sheikh Sand Nasser al Sabah, Kuwait's oil minister and the chairman of Kuwait Petroleum, which owns 24.5 percent of Hoechst, said Saturday that "only technical issues" had to be resolved now that Hoechst has agreed to complete the merger this year instead of in 2001.

"We are practically in agreement," Sheikh Sand said. "It is now just a matter of dotting the i's and crossing the t's, and nothing major is left to overcome."

Kuwait Petroleum's approval is vital for the planned \$18 billion union because the state-owned company can derail the merger by voting against it. Hoechst said last week that it would speed up the merger and that it was aiming to create Aventis SA this year instead of in 2001 after Kuwait Pe-

troleum opposed an earlier plan.

Aventis will rank only behind Merck & Co. in terms of drug sales.

The original merger blueprint gave Hoechst and Rhone-Poulenc up to three years to shed chemicals units and stipulated that a full merger would only occur when the unwanted divisions were out of the way.

Aventis may now end up owning chemicals assets with annual sales of about \$17 billion. Hoechst said Thursday its plan to spin off its Celanese and Ticona industrial chemicals units "needs to be reviewed" because of the accelerated plan.

Analysts said Hoechst and Rhone-Poulenc may choose to lump all of their chemicals assets together with Celanese and Ticona and spin them off as one large chemicals maker.

Hoechst and Rhone-Poulenc revised their merger plan after Juergen Dormann, chief executive of Hoechst, hammered out a new plan last week in Kuwait after Kuwait Petroleum said it would not back the original plan.

"The proposed plan wasn't in the interest of the shareholders," Sheikh Sand said.

CHAEBOL: Shareholders Protest

Continued from Page 11

pany had been the largest single investor in Samsung Motor Co., a project that cost about \$5 billion.

Mr. Jang also cross-examined Samsung Electronics executives on why they agreed to permit Pan-Pacific Industrial Investments PLC of Ireland, a minority shareholder, to sell back most of its shares in the money-losing venture.

Mr. Jang said that Samsung Electronics and other Samsung companies stand to lose \$270 million from just that aspect of the deal, when Samsung Motor is sold to Daewoo Motor Co. under a government-arranged swap, in which Samsung Electronics would acquire Daewoo Electronics Co.

"The shareholders should not stand for it," said Mr. Jang, rejecting Samsung board members' apology for the loss.

But minority shareholders did win a few concessions. Samsung Electronics, for example, promised to add more outside directors.

"Our intention is not to fight against these companies," Mr. Jang said. "We are just attempting to change their attitudes."

SHORT COVER

Renault 'Cost-Killer' Seen Getting Nissan Post

PARIS (Bloomberg) — The executive vice president of Renault SA, Carlos Ghosn, known in France as "le cost-killer," is the most likely candidate to become chief operating officer of Nissan Motor Co., French union officials said.

Nissan is considering an estimated \$2 billion franc (\$5.3 billion) bid by Renault for a 35 percent stake. The second-largest Japanese carmaker said Sunday it would make a decision this Saturday.

Renault's cost-cutting expertise could help to turn around the Japanese carmaker, burdened with debt of 4.3 trillion yen (\$36.4 billion). Under Mr. Ghosn, Renault has shaved 3,850 francs from the average cost of building each car, helping it to return to profit.

Lilly Stops Developing Migraine Treatment

NEW YORK (NYT) — Eli Lilly & Co. has announced that it will end development of an experimental drug that had been billed as a promising new method to treat migraines.

While analysts applauded the move Friday — the market for migraine drugs in the United States is one of the industry's most competitive — shares of Lilly extended their slide of the past two weeks, falling 1.5 percent, or \$1.375, to \$87.4375.

Arab Oil States Endorse Decision to Cut Output

ABU DHABI (Bloomberg) — Oil ministers from four Arab states that represent about half of the output of the Organization of Petroleum Exporting Countries endorsed the decision last week by world oil producers to cut global supply by 2.7 percent to raise prices.

Saudi Arabia, Kuwait, Qatar, the United Arab Emirates and Bahrain, which is not an OPEC member, met in Abu Dhabi to coordinate the strategy on output cuts before a full OPEC meeting

in Vienna next week. Oman, which is also a member of the Gulf Cooperation Council, was represented at the meeting by a junior oil ministry official.

Time Warner Doubles Pay to Reward Chief

NEW YORK (Bloomberg) — Time Warner Inc. doubled the pay package of its chairman, Gerald Levin, to \$27.6 million last year, rewarding him for record profit and a doubling in the company's share price. The bulk of the increase came from options, valued at about \$18 million, that gave Mr. Levin the right to buy 1.4 million Time Warner shares.

High-Tech Companies Sued

PHOENIX (Bloomberg) — Luccit Technologies Inc., Compaq Computer Corp. and Sun Microsystems Inc. are among 88 high-technology companies being sued by a Nevada research foundation, which claims they violated 45-year-old patents for quality-control equipment.

The Lemelson Medical, Education & Research Foundation, set up by the late inventor Jerome Lemelson, seeks millions of dollars in licensing fees for the use of "machine vision" technology.

Bulgaria Makes Pledge To Finish Privatization

SOFIA (AP) — Deputy Prime Minister Alexander Bozhkov of Bulgaria told a meeting of international financial officials Sunday that his government would accomplish privatization by the end of this year and close or sell all unprofitable state companies by midyear.

Bulgaria has so far privatized only about 30 percent of state assets, but the private sector accounts for more than 60 percent of the gross domestic product.

For the Record

America Online Inc. is expected to announce plans this week for its Net-scape Communications Corp. unit, including possible job cuts and product offerings, analysts said. (Bloomberg)

DEAL: Takeover Bids Jolt Italian Banks

Continued from Page 1

maintain control of a large chunk of Italian capitalism without putting up any new capital.

"Banca di Roma shareholders are better off being part of a strong group like San Paolo-IMI than if the BCI talks had succeeded," Fabio Cappa, a fund manager at ICCRI SpA, told Bloomberg News.

Coming just weeks after Olivetti SpA launched a \$58 billion hostile takeover bid for Telecom Italia SpA, these latest bids could also help redraw the map of power in Italian capitalism.

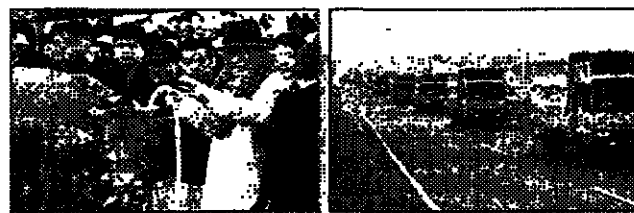
What is all the more remarkable about

the UniCredit bid is that while it is the brainchild of Alessandro Profumo, the bank's 43-year-old, reform-minded chief executive, it also has the blessing of Lucio Rondelli, UniCredit's chairman. Mr. Rondelli has been regarded as heavily influenced by Mr. Caccia.

Under the terms of the UniCredit bid, Unicredit would offer eight of its own shares for every five BCI shares, representing a premium of 17.5 percent to holders of BCI's common shares, based on Friday's closing price, and a 45 percent premium for holders of its savings shares.

The conditions of the San Paolo-IMI offer were not immediately available.

A man who's been doing the impossible for half a century.



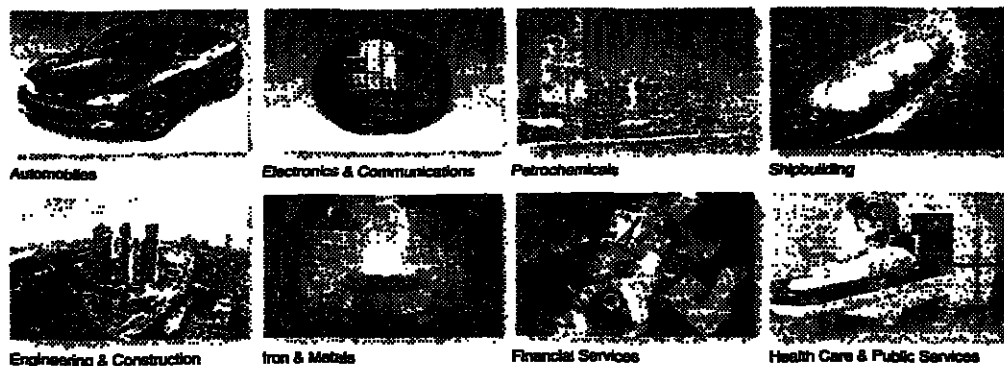
"Chung's calm diplomacy may someday mark with U.S. President Bill Clinton as a major diplomatic breakthrough." (Herald, November 9)
"The high-profile cattle drive marked a milestone in the history of relations between the two nations." (Times, June 20)
"His last call after World War II to ensure that Korea was a government entity." (The Washington Post, June 17)
"He will leave his breeding ground for reconciliation and peace between North and South Korea." (Siddhanta Zehang, June 17)
"Mr. Chung's journey to not a continental one. He's hoping to make several business projects in the North." (Financial Times, June 15)

Imagine crossing a border that's been closed for 48 years. Then imagine doing it with 1,001 head of cattle.

Achieving the "impossible" is nothing new for Chung Ju-yung, the 83-year-old Founder and Honorary Chairman of Korea's Hyundai Business Group.

This is the same man who literally brought the sea to his knees, reclaiming land on Korea's west coast with a large tanker destined for scrap. And the one who ingeniously used a small fleet of barges to transport prefabricated components nearly halfway around the world 19 times to build Jubail Harbor in Saudi Arabia, one of the construction wonders of the 20th century. In these and countless other projects over the past half-century, Chung found a way where others said it couldn't be done.

As Hyundai looks toward the future, we share Chung's spirit— an unwavering drive and ambition that has made us what we are today. And what will propel us into the ranks of the world's industrial leaders in the new millennium.



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CAPITAL MARKETS ON MONDAY

U.S. Corporate-Performance Gadfly Looks Abroad

By Hilary Rosenberg
New York Times Service

NEW YORK — Robert Monks, a money manager and shareholder-rights proponent, has long been a sort of Lone Ranger of American investing, charging in to exhort companies to change their ways in the name of helping shareholders.

Now, prodigious managements abroad are starting to pay heed to Mr. Monks. The Lens Fund, the institutional investment vehicle he runs, is being folded into Hermes Pensions Management, a British concern with \$40 billion (\$65.3 billion) under management, which is owned by a giant pension fund, BT Pension Scheme.

Mr. Monks, 65, will help oversee investing at Hermes Lens International, which will be a holding company for the Lens Fund, soon to be renamed to reflect its new status.

After the deal's closing, which is imminent, the Lens Fund will have a big-name backer. With new asset contributions from Hermes and new market-

ing, the fund's assets under management are expected to rise from \$100 million to about \$220 million.

In Britain, Hermes Lens International will oversee UK Focus, a joint Hermes-Lens fund that Mr. Monks already helps manage. It has been active since last October and has about \$150 million in assets. Mr. Monks said Hermes Lens International would manage a family of

INVESTING

funds, with new offerings in Europe and Japan.

Why did Mr. Monks, at an age when others ponder retirement, choose this new effort? Because it is a mission. "What I do is make power accountable," he said.

With its extra resources, the U.S. fund plans to step up its activities. There is plenty of corporate mismanagement about, said Mr. Monks, who contends that the strong U.S. economy has hidden many sins that eventually will come to light.

One red flag is executive pay. Mr. Monks said excessive compensation

signaled that a company's board was not truly independent of its management.

Mr. Monks' brand of activism amounts to a kind of value investing. Lens buys large positions, typically under 5 percent, in a few underperforming companies and then tries to persuade their managements to make changes that Mr. Monks expects to benefit shareholders. If they will not, he rallies others with proxy fights or takes his arguments to the news media.

Lens's investing style, in six years of operation through Dec. 30, 1998, returned 25.1 percent a year, on average, compared with 20.5 percent for the Standard & Poor's 500-stock index.

Mr. Monks is "the founder of the modern corporate-governance movement and certainly its most effective advocate," said Richard Schlefer, director of corporate governance at TIAA-CREF, a giant retirement fund.

Lens now owns shares in six U.S. companies, and this month Mr. Monks started a campaign for a board seat at Juno Lighting Inc., a maker of lighting

fixtures based in Des Plaines, Illinois, in which Lens has a 6.7 percent stake. Lens began buying Juno shares in October 1997, at just over \$18.

There are two problems at Juno, Mr. Monks said: Nearly half of its assets are in cash, and only one of its five board members is an independent outsider. Juno did not return phone calls seeking comment.

In an analysis early last year, Lens stated its belief that Juno's stock could rise to \$31 a share if it put its cash to work. Its shares closed Friday at \$20.875, up 12.5 cents.

One successful investment has been Reader's Digest Association. Given its declining profit and lack of independent outside directors, it seemed an ideal stock pick for Lens, and although a pair of charitable foundations control the company as holders of the voting class of shares, Mr. Monks felt that Lens could influence the situation. The fund started buying Reader's Digest Class A shares in December 1997 at just over \$23. The company has added independent directors and reduced costs, and the stock is now at \$34.875.

In Britain, the UK Focus fund holds eight stocks. One is Mirror Group, a media conglomerate whose chief executive, David Montgomery, recently resigned after UK Focus led a campaign seeking his ouster because shareholders had lost confidence in him.

The fund started buying Mirror shares in October at about 140 pence (\$2.28). They closed Friday at 204 pence.

Indonesia Sets Groundwork For a Treasury Bond Market

JAKARTA — The Indonesian government plans to issue more than \$30 billion worth of bonds late next month and in the process generate what it hopes will be the country's first Treasury bond market. But it will not be a quick start.

The transaction itself will take about two months, officials say, but it will be many months, even years, before the bonds are traded in a secondary market.

The only regular government paper currently on the market are central bank short-term certificates, known as SBIs. The new government bonds may change the landscape, but slowly.

"We expect that if they are marketable, we will use them to replace" SBIs, said Subarjo Joyosumarto, the director at Bank Indonesia in charge of the bank recapitalization program. "But it takes time."

Investors in Indonesia are a rare breed at this point and attempts to predict much beyond a few months are little more than guesses.

"Right now there is not even a yield curve in Indonesia," said a bond trader at a U.S. company. "If you ask for a price on two years, no one can answer the question."

Under the capitalization program, the central bank will issue about 300 trillion rupiah (\$35.89 billion) in bonds, to be handed over to banks, which will collect the coupons.

But bankers noted that rates would have to fall so that the new securities would be more attractive than material already on the market.

"We have to reduce interest rates bit by bit," Mr. Joyosumarto said. A trader at a European bank said "they've got to push SBI rates down first but they can't because the rupiah is still so vulnerable."

Whatever rates become established, no one expects a major revival of interest in the market until at least after the June 7 national election.

Jakarta Debt Talks Resuming
Indonesia is set to resume talks with foreign creditors in London on Tuesday to restructure about \$2.5 billion of government debt, said Boediono, chairman of the country's planning and development board, Bloomberg News reported from Jakarta.

The negotiations follow talks that were held in September in Paris when Jakarta, grappling with its worst economic slump in a generation, rescheduled payments of \$4.2 billion.

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ended March 19. Prices supplied by Reuters.

Rank Name Cpn Maturity Price Cr Yld

British Pound

103 British 11/15/02 104.9700 4.5500
104 British 11/15/02 104.9700 4.5500
123 Future Rent 2 zero 03/30/01 104.9700 4.5500
124 Future Rent 2 zero 03/30/01 104.9700 4.5500
125 Future Rent 2 zero 03/30/01 104.9700 4.5500
126 Future Rent 2 zero 03/30/01 104.9700 4.5500
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128 Future Rent 2 zero 03/30/01 104.9700 4.5500
129 Future Rent 2 zero 03/30/01 104.9700 4.5500
130 Future Rent 2 zero 03/30/01 104.9700 4.5500

Danish Krone

43 Denmark 11/15/02 113.8600 5.2700
44 Denmark 11/15/02 113.8600 5.2700
45 Denmark 11/15/02 113.8600 5.2700
46 Denmark 11/15/02 113.8600 5.2700
47 Denmark 11/15/02 113.8600 5.2700
48 Denmark 11/15/02 113.8600 5.2700
49 Denmark 11/15/02 113.8600 5.2700
50 Denmark 11/15/02 113.8600 5.2700
51 Denmark 11/15/02 113.8600 5.2700
52 Denmark 11/15/02 113.8600 5.2700

Deutsche Mark

139 World Bank 7 04/12/05 117.70 6.0500
140 World Bank 7 04/12/05 117.70 6.0500
141 TWA 6 04/12/05 117.70 6.0500
142 TWA 6 04/12/05 117.70 6.0500

Euro

1 Germany 5 01/04/08 99.4250 4.7900
2 Germany 5 01/04/08 99.4250 4.7900
3 Germany 5 01/04/08 99.4250 4.7900
4 Germany 5 01/04/08 99.4250 4.7900
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French Franc

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Italian Lira

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Japanese Yen

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South African Rand

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Swedish Krona

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U.S. Dollar

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Inflation News Spreads Hope for Bonds

NEW YORK — The U.S. bond market may be shaking off its winter blues, thanks to a conviction that inflation poses no threat, analysts and traders said.

Treasury securities held their ground last week in the face of the kind of news that might have been expected to spur big losses for bonds: The Dow Jones industrial average passed 10,000 points in intraday trading for the first time.

AT&T Corp. arranged what could be a record corporate bond sale, and crude oil prices climbed to a five-month high.

The reason for bonds' resilience? "Inflation is well under control," said Randy Bateman, who helps oversee \$1 billion at Sun Trust Private Capital Group in Orlando, Florida. "We're still in a rally that could carry us to 5.25 percent in six weeks," he said, referring to the 30-year Treasury bond's yield.

The government reported Thursday that consumer prices barely budged in February, providing more evidence that robust U.S. growth was not leading to inflation, which erodes the value of bonds. Good inflation news helped Treasury securities recover some of the ground they lost in February — their worst month since 1981.

After inflation is taken into account, bonds yield 3.94 percent, near their highest since July and a level that is

attractive to some investors. "We've had a lot of good news on inflation, which has alleviated fears that the Federal Reserve may raise interest rates soon," said Kevin Kennedy, who helps oversee \$33 billion of fixed-income securities at Citicorp Global Asset Management in New York.

That said, there are obstacles to further gains. Bonds posted their biggest decline in two weeks Friday on concern that the size of the AT&T sale will be increased, sapping demand for Treasury debt. The benchmark 30-year Treasury bond finished at 95 16/32, down 15/32 percent, up from 5.53 percent.

AT&T has said it may sell more than \$6 billion of bonds this week. Investors said Friday that AT&T had received about \$11 billion of tentative orders for the securities, leading to speculation it might increase the sale. If so, it could easily top the record \$6.1 billion sale last year by MCI WorldCom Inc.

The big sale is "weighing" on the market, said Tony Crescenzi, head government trader at Miller Tabak Hirsch & Co. It has been almost four years since AT&T last launched a bond offering. The sale, considered likely to total at

least \$8 billion, will be announced and priced by midweek, analysts said.

Companies led by Fannie Mae, Peco Energy Co. and R&B Falcon Corp. sold more than \$1 billion of debt last week. The climb in crude-oil prices and strong economic growth also have some investors fretting that the best news on inflation may be past. The economy grew at a 6.1 percent annual pace in the fourth quarter of 1998, and there is little sign that it has lost much steam since then.

"I'm of the mind that the bull market's over," said William Gross, who oversees more than \$150 billion of bonds at Pacific Investment Management Co. in Newport Beach, California.

What's more, the rally in the stock market that lifted the Dow industrials above 10,000 last week — though the average just missed closing at that level — may lure investors away from fixed-income securities.

Still, bonds have a lot going for them, investors said. Consumers help economic growth early in the year by spending money from year-end bonuses and tax refunds. This time, they're spending stock gains, too. Some analysts argue that growth will slow — and Treasury bonds rebound — as refunds dry up and taxpayers who owe the government start sending in payments as the April 15 tax deadline approaches.

U.S. CREDIT MARKETS

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New International Bond Issues

Compiled by Paul Floren

Issuer Amount (Millions) Mat. Cpn. % Price Price and week Terms

Floating Rate Notes

Argentina \$300 2004 5 99.038 - Over 3-month Libor. Noncallable. Fees 0.25%. (Barclays Capital)

Champion Home Equity \$400 2030 Libor 100 - Interest 1-month Libor. Noncallable. Fees 0.30%. (Lehman Brothers)

Loan Trust 1999-A

Deutsche Bank \$500 2004 1/4 99.806 - Over 3-month Libor. Noncallable. Fees 0.15%. (Deutsche Bank)

Fleet Credit Card Master \$498 2004 0.71 100 - Over 1-month Libor. Noncallable. Issued with second tranche of \$45 million of 100 with coupon of 0.35% over 1-month Libor. Fees not disclosed. (Lehman Brothers)

Trust 1999-A

Freya Funding Corp. \$216 2004 0.40 100 - Over 1-month Libor. Noncallable. Fees 0.25%. (Lehman Brothers)

Read

Jackson National Life \$300 2004 0.20 99.734 - Over 3-month Libor. Noncallable. Fees 0.20%. (Morgan Stanley)

Funding

Harmon Finance \$400 2029 0.80 100 - Over 6-month Libor. Coupon steps up to 1.80% in 2009 over 6-month Libor. Noncallable. Fees 0.25%. (J.P. Morgan)

Bayerische Handelsbank EUR100 2002 Eurob00.0825 - Interest with 3-month Eurob. Noncallable. Fees 0.10%. (Deutsche Bank)

Oeslerischeische Jovest/Borskredit EUR100 2025 1/2 102.10 - Over 3-month Eurob. Noncallable. Fees 0.20%. (Landesbank Sachsen)

Woodwich £250 2006 1/2 99.66 - Over 3-month Libor. Noncallable. Fees 0.20%. (Deutsche Bank)

Fixed

DSL Bank \$200 2005 5 101.999 - Red

Figures as of close
of trading Friday, March 19

This table shows the performance of Mission-based mutual funds through Friday and includes the top 4,000 funds in terms of assets. There are roughly 5,100 funds currently listed on Morningstar.

Group names are shown in bold face, with individual fund names in each group indented below. Funds that are not part of a group are not indicated.

NAV is the net asset value, i.e., the portfolio value divided by the number of shares outstanding. NAV is reported by the fund through Morningstar. NAV changes at sales or redemption charges. Morningstar shows the variation from the previous Friday.

Mean field footnotes: c - available only through a contracted place; n - no-load and load or contingent deferred sales charge; r - redemption fee or contingent deferred sales load may apply; i - footnotes p and a apply.

Price field footnotes: e - net capital gains distribution; f - previous day's quotation; s - stock



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As part of this important development, NUI Galway now invites applications from suitably qualified applicants for the post of Professor of Human Rights Law. It is anticipated the successful applicant will be appointed Director of the Irish Centre for Human Rights, and will accordingly have demonstrated the qualities of dynamic leadership required for such an appointment. The successful candidate will ideally possess:

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- Excellent capacity to lead and direct research teams and supervise post-graduate students.
- Substantial familiarity with the operation of intergovernmental organisations, NGOs or internationally oriented governmental agencies.
- High-level administrative abilities including staff management and financial control.
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E-mail: Personnel@nuigalway.ie

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Wir freuen uns auf Ihre Bewerbung. Bitte schreiben Sie unter Angabe der Referenz IHT200399 an Thomas Weegen, Coverdale Team Management Deutschland GmbH, D-81541 München. Bewerberinnen und Bewerber, die in die engere Wahl kommen, werden wir zu einem Workshop zum gegenseitigen Kennenlernen vom 16. bis 18. April 1999 einladen.

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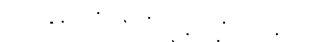
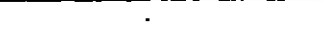
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SPORTS

England's Lackluster Play Smothers France

Inspired Scotland Also Stays In Race for the Title With 31-13 Victory Over Ireland

By Peter Berlin
International Herald Tribune

This year's Five Nations Tournament has been packed with surprises, but with one round of matches to play, a clear pattern has emerged.

On Saturday, as on the previous two weekends, there was a game of rugby and a game involving England.

England is the host of the Five Nations. It crushes the life out of its opponents — and the entertainment out of its games — but its play utterly lacks bite or sting.

Scotland, inspired by Gregor Townsend, its fly half, scored four tries as it beat Ireland, 31-13, in an exhilarating game in Edinburgh.

In Twickenham, just west of London, England smothered France, 21-10. The match had a surreal quality: England gave the most dominating performance of this year's Five Nations championships and yet failed to score a try and rarely looked like it would.

All of its points came from the boot of Jonny Wilkinson, a 19-year-old center who took seven penalty kicks and scored with all of them.

With one round of matches to play, England is the only unbeaten team and is therefore the only team that can complete the coveted Grand Slam by winning all four of its matches. Scotland, second in the standings, is the only other team that can win the competition. To do that, it must beat France in Paris on April 10, and then England must lose to Wales the next day at Wembley.

On Saturday, the English controlled the ball for most of the game and spent almost all of it camped deep in the

French half. Yet, while the Scots showed they could conjure tries from attacks launched near their own goal line, England couldn't score even when it had the ball a yard out.

It had a few chances: Richard Hill crashed into a teammate inches from the try line. Mike Catt allowed himself to be tackled when he had two teammates completely free waiting for a pass. Jeremy Guscott dropped the ball as he attempted to ground it for a score after a long crossfield kick by Catt. Catt

FIVE NATIONS RUGBY

dropped the ball in the end zone after a similar kick by Guscott.

But to focus on the missed chances misses the point. England does almost everything extremely well and one thing horribly. On Saturday, it defended brilliantly, smothering the famously dangerous French backs and stripping the ball away again and again. England's forwards drove time and again into the heart of the French defense, establishing strong positions near the French line.

But then when England gave the ball to its backs to apply the coup de grace — something it hasn't always done in the past — nothing happened. In fact, the best chances England had did not come from back moves: Two followed crossfield kicks, and two followed a charged down French clearance.

The fact that England also stopped France from running the ball — until Frank Comba, a center, scored a meaningless try in the final minute — was scant consolation for fans. England won because the French cooperated. They only narrowly beat Ireland in their opening game and lost to Wales in Paris.

Suddenly they look far less formidable and far less confident than they did 12 months ago. On Saturday, peened in defense, the French committed a string of infringements and presented Wilkinson with a series of easy penalty kicks.

In October, England faces the powerful New Zealanders at Twickenham in the first round of the rugby world cup. It is difficult to imagine that the All Blacks will allow themselves to be beaten by a team that cannot score a touchdown.

When Comba touched down for France, a frustrated English voice rose above the scattered applause: "That's the idea of the game, England, to score bloody tries."

"We have to learn to finish," said Clive Woodward, the England coach.

Woodward went on to say, with an unintended but revealing ambiguity, "You have to create a style where the people you're playing against don't know what you're going to do, either."

Certainly his backs frequently gave the impression that they, at least, have no idea what they are going to do when they get the ball. So he's halfway there.

Asked if he was happy with his team's progress before the World Cup, he replied only, "If you win, you are where you want to be."

Woodward is certainly much better placed than Jean-Claude Skrela, the French coach. Skrela's team started this Five Nations championship seeking a record third straight Grand Slam. If it loses to Scotland in its last game, France will find itself sharing the metaphorical "wooden spoon" for last place with the Irish.

"We made too many mistakes,"

Skrela said after the game.

In Edinburgh, Paddy Johns, the Ireland captain, echoed the sentiment. "You can't afford to make mistakes," he said. "And we made too many."

But while the clichés were the same, the games were very different.

The Irish took the lead in the first minute with a penalty try. Dion O'Cuinnagain, a back-row forward, kicked the ball over Glenn Metcalfe, the Scottish fullback, and toward the Scottish line. But as O'Cuinnagain set off in pursuit, Metcalfe blocked him.

SCOTLAND, inspired by Townsend, its fly half, replied with four tries.

Townsend muscled over for one himself. Winger Cameron Murray scored two, and Stuart Grimes, a back row forward, scored the other, after a move began when the Scottish forwards, defending their own line, slowed the rampaging Irish back and stole the ball.

Townsend squirmed through a tackle before sprinting into the Irish half, turning defense into deadly attack in a couple of seconds.

In Treviso, Italy, Gareth Thomas scored four tries and Neil Jenkins scored 30 points as Wales beat Italy, 60-21.

Jenkins scored one try and kicked five penalties and five conversions to become the second-highest point scorer in international rugby. Jenkins took his total to 745, passing Gavin Hastings, the former Scotland fullback, who scored 733. Michael Lynagh, the former Australian fly half, leads with 911.

Italy will formally join the Five Nations next season, making it the Six Nations competition.

Kings' Lead Hangs Heavy As They Outlast Panthers

The Associated Press

The Los Angeles Kings scored the first four goals of the game in a 7:17 span of the first period and appeared on their way to a rout. But their inconsistency again showed why they are still out of a playoff spot.

"The best defense is a good offense," said Donald Audette, whose power-play goal triggered the early surge.

NHL ROUNDUP

before the Kings barely hung on for a 4-3 victory over the stubborn Florida Panthers on Saturday night in Inglewood, California. "But we kind of got satisfied with the lead. And when you do that, you kind of go out there without the same desire — which could have cost us."

Rob Blake also scored with the man advantage. Mattias Norstrom ended a 64-game goal drought and Russ Courtnall scored on a breakaway for the Kings, who have won four of their last five games and climbed to within three points of the Calgary Flames for the last Western Conference postseason berth.

Bruce 2, Sharks 2: Marco Sturm scored the tying goal with 17.7 seconds left in the second period as the San Jose Sharks, winless in their NHL existence at Boston, salvaged a 2-2 tie against the Bruins.

Boston, 3-1-1 in its last five games, holds the Eastern Conference's final playoff spot. The Bruins, who entered the game three points ahead of Florida and the New York Rangers, have 14 games left.

Maple Leafs 3, Devils 1: Curtis Joseph made 30 saves for his 30th win of the season as Toronto defeated the New Jersey Devils.

Steve Sullivan, Todd Warriner and Fredrik Modin, in his first game back since breaking his collarbone, scored for

Toronto. All the goals came in the second period.

Capitals 1, Canadiens 0: James Black scored in the first period and Rick Tabaracci's 29 saves made it stand up as the Washington Capitals beat the Montreal Canadiens.

Tabaracci's second shutout of the season gave the Capitals their second straight win. Washington's record at the Molson Center improved to 6-0-1.

Senators 3, Blues 2: Shawn Mearns scored his 30th goal of the third period for a victory over the St. Louis Blues.

Andreas Johansson and Magnus Arvedson also scored for the No. 1 team in the Eastern Conference, which won a league-leading Dallas on Friday and is 2-0-1 in its last three games.

Avalanche 5, Blackhawks 5: Theo Fleury returned from a knee injury to score the tying goal, his 32nd of the season, as the Colorado Avalanche skated to a tie with the Chicago Blackhawks.

The Avalanche had Fleury back for the first time in eight games since suffering a sprained right knee March 1, one day after being acquired in a trade from Calgary.

Predators 1, Penguins 1: Robert Lang's power-play goal early in the third period gave the Pittsburgh Penguins a tie with the Nashville Predators, extending their unbeaten streak to five games.

Others 4, Canucks 3: Right wing Mike Grier recorded his first career hat trick in the NHL, leading the Edmonton Oilers over the Vancouver Canucks.

Ethan Moreau, acquired earlier in the day in a seven-player trade with the Chicago Blackhawks, assisted on all three goals.

Pat Falloon scored the winner for the Oilers, breaking a 3-3 tie on a power play at 10:09 of the third period.

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EXHIBITION BASEBALL

REGULAR SEASONS
Cleveland 10, Kansas City 2
New York Yankees 11, Tampa Bay 4
Detroit 2, Toronto 3
Minnesota 5, Pittsburgh 3
Texas 6, Philadelphia 10, 12 innings
Atlanta 4, Houston 2

PLAYOFFS
Los Angeles 7, New York Mets 10, 10 innings
Chicago White Sox 7, Arizona 3
Cleveland 3, Toronto 3
Atlanta 5, Chicago Cubs 1
Seattle 11, Milwaukee 7
Baltimore 6, Montreal 0
Boston 6, Cincinnati 5
Colorado 10, St. Louis 11
San Diego 4, San Francisco 3

WORLD SERIES
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SPORTS

Ohio State Returns to Final Four, and UConn Gets There for First Time

Transformed Buckeyes Hold Off A Late Rush by St. John's, 77-74

The Associated Press
KNOXVILLE, Tennessee—Scoonie Penn predicted that Ohio State would rebound from one of its worst seasons ever with a trip to the National Collegiate Athletic Association men's basketball tournament. But even he was not bold enough to predict a berth in the Final Four.

Penn and his backcourt mate Michael Redd combined for 42 points and 13 assists Saturday as Ohio State beat St. John's 77-74 for the NCAA South Regional championship.

The Buckeyes, who went 8-22 last season and finished last in the Big Ten, are headed to the Final Four for the first time since 1968.

"It's just really, really hard to put into words the feeling shared by all of us," said Ohio State's second-year coach, Jim O'Brien. "It is hard to imagine that we have put ourselves in this position. This is as good as it gets for the time being."

Penn, who didn't play on last year's team, had 22 points and eight assists against St. John's and was named the most valuable player of the South Regional tournament. Redd added 20 points and five assists for the Buckeyes.

"It's been a tremendous season," said Penn, who scored 26 points in Ohio State's win over top-seeded Auburn in the regional semifinals. "You can take away the MVP and I wouldn't care. When I receive an individual award, it goes to every guy on the team."

Penn was the only new starter this season for Ohio State (27-8), having followed O'Brien from Boston College to Columbus. He sat out last year because of transfer rules, after he and the coach had participated in the NCAA tournaments together in 1996 and 1997.

Ohio State never trailed, but it had to hold on as St. John's (28-9), playing in its first regional final since 1991, got within a point in the final minute. The Red Storm was down 76-74 with less than 10 seconds left when Erick Barkley lost control of the ball and had his only turnover in 37 minutes of action.

"I lost the ball," said Barkley, slumped over in a chair in the dressing room, his right hand covering his eyes.

"We wouldn't have had a chance to be in the game, much less have a chance to win, without Barkley," said the first-year St. John's coach, Mike Jarvis.

"Hopefully, he will wake up tomorrow and understand."

Redd grabbed the loose ball and dribbled to the other end of the court. Fouled just before the buzzer, he ended

the scoring with a free throw with 0.7 seconds remaining.

Both Ohio State and St. John's blew scoring chances in the closing 90 seconds.

St. John's, which earlier trailed by as many as 13 points, was down 73-67 with 1:24 left when Boban Savovic traveled in the backcourt. But the Red Storm was unable to capitalize when Reggie Jessie also traveled.

No one scored again until Ron Artest's driving one-handed shot with 48.5 seconds left. Penn hit two free throws at the other end to extend the lead back to six.

Ohio State then failed to put the game away when Redd and Brian Brown both missed free throws.

The Buckeyes had a 75-71 lead when Redd missed short, and Artest drove for a lay-up at the other end. Brown missed with 19.2 seconds left, and Chudney Gray hit the first of two free throws to make it 75-74 seven seconds later.

"St. John's refused to just go away nicely and made a furious comeback," O'Brien said. "I thought we played basically well for 38 minutes, and were happy to be able to hold on."

Penn made the second of his free throws and then was on Barkley when the St. John's freshman made his huge mistake.

"I'm not even sure what happened," Penn admitted. "I know the ball was bouncing freely and got into Michael's hands."

Ohio State shot 54 percent from the field and won despite getting outrebounded, 45-28.

Lavor Postell scored 24 points, including four 3-pointers, and grabbed nine rebounds for St. John's. Bootsy Thornton had 18 points, and Barkley had 13.

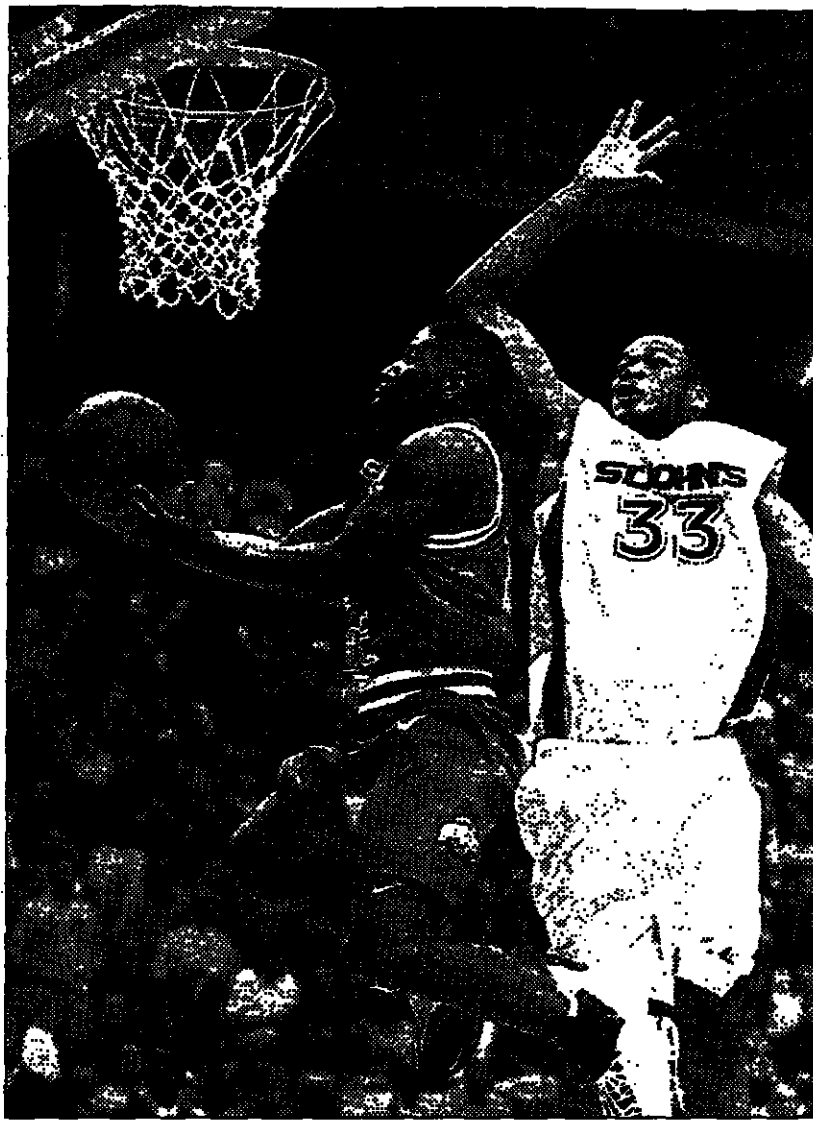
Earlier in the second half, Ohio State twice built 13-point leads, only to have St. John's quickly get back within six points.

Savovic's open 3-point shot, after a pass from Redd, put the Buckeyes ahead 61-48 with 9:06 left.

Postell and Artest followed with consecutive 3-pointers for St. John's, which forced four turnovers in less than four minutes. Ohio State had just four total before that.

Ken Johnson, Ohio State's 6-foot-11 center, who finished with 12 points, scored inside on consecutive possessions to put the Buckeyes up 53-40 with just under 14 minutes left.

The Red Storm responded with seven straight points, including a lay-up and a 3-pointer by Postell in a 37-second span.



Scoonie Penn of Ohio State driving past Tyrone Grant of St. John's.

After scoring nine points in the first seven minutes of the game, including a 3-point and 4-point play, Penn was held scoreless for the rest of the half. But his backcourt partner picked up the slack.

Redd, who made a dunk for the game's first score, had 15 points in the final 11:46 of the first half. That included a 3-pointer from the top of the key at the buzzer to give Ohio State a 41-33 halftime lead.

Ohio State scored the game's first five points on the Redd dunk and Penn's 3-point play, and St. John's missed its first seven shots.

Johnson tied a career high with seven blocks against the Red Storm, whose tallest starter is 6-foot-7.

The seven blocks was one short of the South Regional record set by Tim Duncan of Wake Forest in 1993 against College of Charleston.

Johnson blocked two shots the first time the Red Storm went on offense.

"Johnson was the difference," Jarvis said. "He set the tone for this game on the very first possession."

The coach added: "He controlled the game. Even though he only had 12 points, they don't win without him."

The seven blocks gave Johnson 97 for the season, tying the Ohio State school record set by Brad Sellers in 1986.

"I just had to step up and be a force," Johnson said.

After the game, O'Brien couldn't withstand the pressure from his players any more — so he danced.

"I think it was pretty obvious nobody taught me," O'Brien said, after joining his Buckeyes at midcourt for a group rendition of the Dirty Bird, a victory step made popular by the Atlanta Falcons of the National Football League.

Huskies Pop Gonzaga's Bubble And Overcome an NCAA Jinx

By Thomas George
 New York Times Service

PHOENIX, Arizona—When Kevin Freeman of Connecticut grabbed the bounding ball and threw it high toward the America West Arena rafters, frustration and the burdens of high expectation went with it.

Connecticut can dance. And smile. And proudly wear the look of a team that just reached the other side.

It is over — the under-achieving label for Connecticut, the season and the dream for Gonzaga. On Saturday, the Huskies tripped the glory of Spokane, Washington, 67-62, in a marvelous West Regional final game before 18,053 spectators in Phoenix. And now Connecticut (32-2) boldly dashes where it has never gone in its 21 trips to the National Collegiate Athletic Association men's basketball tournament into the semifinals.

"For the last 10 years we've had some teams make a run toward the Final Four," Jim Calhoun, the Connecticut coach, said. "I'm not disappointed in any of those kids. This is for them."

Connecticut won with a penchant for rebounding, with timely shots and with a defense that was persistent, deflating and enduring.

The defining moment came with 34.4 seconds remaining and with Connecticut ahead, 65-62, on the strength of two Khalid El-Amin free throws. After a timeout during which Calhoun set his defense and Dan Monson, the Gonzaga coach, set his offense, the teams battled. Gonzaga was looking for a 3-pointer. Connecticut was ready.

It denied the perimeter, storming to the 3-point arc, extending its defense and making the Gonzaga attempt impossible. Soon there were only 10 seconds left, and Gonzaga still was not getting even one good look at the basket.

Spinning, rolling against a wall of defense — that was the Gonzaga offense on that key possession.

Finally, Gonzaga guard Matt Santangelo fired an off-balance shot that floated toward the basket and missed, and Freeman grabbed the rebound and was fouled with 6.2 seconds left. Freeman — Connecticut's 6-foot-7-inch junior forward who grabbed 15 rebounds (10 offensive), scored 13 points and made the West Regional tournament team — made both free throws, which were the game's final points.

Gonzaga muffed the inbounds play, and the ball bounced away toward the baseline.

Freeman grabbed it, though. And up into the rafters it went.

"What a feeling!" Freeman said. It was that way for all the Connecticut players and coaches. Relief. Achievement. They swiped it by taking a hot-shooting team and making it suffer, holding it to 20-of-57 floor shooting, or 35.1 percent. It limited Gonzaga to an awful 5 for 21 (23.8 percent) in 3-pointers.

Monson said: "Both defenses did a good job of disrupting the other team's offense. They got us out of our offensive flow. And then when we did finally get good shots, a lot of times we rushed them and missed them, shots we normally make. That was as good a defense we have seen this year."

Richie Frahm, Gonzaga's sharpest shooter, was 2 for 11.

"They took us out of our game and the 3-point shots," Frahm said. "We just broke down mentally. We really didn't step up the challenge. Too bad we couldn't do better."

Santangelo was 1 for 9 from the floor, including his big miss at the end.

In the first half, Gonzaga was more timely. It led at halftime, 32-31. It did so by matching Connecticut's intensity on defense and by fighting on the boards. Connecticut usually manhandles teams in rebounding, but at halftime, its rebounding edge was only 22-19.

Connecticut forward Richard Hamilton scored 11 points in the first half. He saw and felt the Gonzaga push in a half where Connecticut's biggest lead was four points and Gonzaga's was three.

"I knew this could have been my last game," Hamilton said. "That kind of scared me. I went out to do something to try and change it."

And he did. He scored 10 more points in the second half, played superb defense on Santangelo and others and always seemed to make the big shots that Connecticut needed to keep the game manageable.

Hamilton played all but three minutes of the game and was named the most valuable player in the regional tournament. In the end, Connecticut was more glued, more sure of itself than Gonzaga. The Gonzaga season was full of magic, a 28-7 season in which it slew giant after giant. But guard Quentin Hall's team-best 18 points were not enough.



Powerhouses Duke and Kentucky Are at Full Throttle

The Associated Press
DUKE and **KENTUCKY**, the two most successful NCAA tournament teams of the 1990s, are both one victory away from another trip to the Final Four.

Top-ranked Duke beat Southwest Missouri State, 78-61, Friday night to reach the East Regional final, while defending national champion Kentucky defeated Miami of Ohio, 58-43, to advance to the Midwest title game.

For Duke, Trajan Langdon scored 24 points as the Blue Devils won their 30th straight game. Duke, which won its first two NCAA tournament games by an average of 41 points, wasn't quite as dominant against 12th-seeded Southwest Missouri.

"Anything would have been a letdown," the Duke coach, Mike Krzyzewski, said. "We've been playing great basketball, actually unusually great basketball."

Elton Brand had 14 points, eight rebounds and five blocked shots for Duke, which ran its record to 14-1 at Continental Airlines Arena in East Rutherford, New Jersey.

Allen Phillips scored 16 points for Southwest Missouri State, which had upset Wisconsin and Tennessee to reach the regional semifinals for the first time.

In St. Louis, Scott Padgett of Kentucky scored 14 of his 17 points in the second half, and the Wildcats dominated the boards 27-18 against Miami, which got 23 points from its star, Wally Szczerbiak, but almost nothing from his teammates.

Szczerbiak was 8-for-16 from the field and finished the tournament with a 30-point average in three games, but his teammates were a collective 6-for-28 against Kentucky.

"You're not going to stop Wally Szczerbiak from

scoring, he's too good a player," the Kentucky coach, Tubby Smith, said. "What you want to do is make sure the other guys don't beat you. It's just an unbelievable performance by our team."

Miami matched its lowest point total of the season and lost to Kentucky for the 18th straight time.

Duke's opponent in the East Regional final Sunday was sixth-seeded Temple, which beat Purdue, 77-55.

Temple broke the game open after Purdue picked up two early technical fouls. The Owls then scored eight straight points to start a decisive 30-7 run.

"It kind of gave us our momentum," said Mark Karcher, who led the Owls with 21 points, including eight in the big run. "Every time we got the ball back, we executed our offense. It got us in the flow of the game, and everybody just ran the script."

Pete Sanchez had 17 points, nine assists and six steals, and the Temple coach, John Chaney, moved within one victory of the first Final Four in his 27-year career.

Cornell scored 14 points for Purdue, which made 13 3-pointers.

Kentucky faced top-seeded Michigan State on Sunday for the Midwest Regional title. The Spartans held Oklahoma to 33 percent shooting in a physical 54-46 victory Friday night.

Midway through the second half, the Michigan State All-American Mateen Cleaves collided with Eduardo Najera, the Oklahoma star, and both players crumbled to the court. Najera was unconscious for several minutes and came away with a concussion, a bruised breast bone, a chipped tooth and a cut on his chin that required six stitches.

Cleaves also lay nearly motionless for several minutes but, like Najera, later returned to the game.

"It was an ugly game," Cleaves said. "But the guys

are coming through. We've come together as a team and we're in the Great Eight."

Duke and Kentucky each have won two national championships and made four trips to the Final Four this decade.

If they make it to the Final Four this year, they would meet Saturday in the national semifinals in St. Petersburg, Florida. That would be a rematch of the memorable South Regional final last year, in which Kentucky overcame an 18-point deficit to beat Duke, 86-84.

The schools have met five times in the NCAA tournament, including the Wildcats' 94-88 victory in the 1978 national title game and the Blue Devils' 104-103 overtime victory in the 1992 East Regional final.

Iowa State Women Stun Connecticut

Iowa State finally gave the NCAA women's basketball tournament an upset worth talking about.

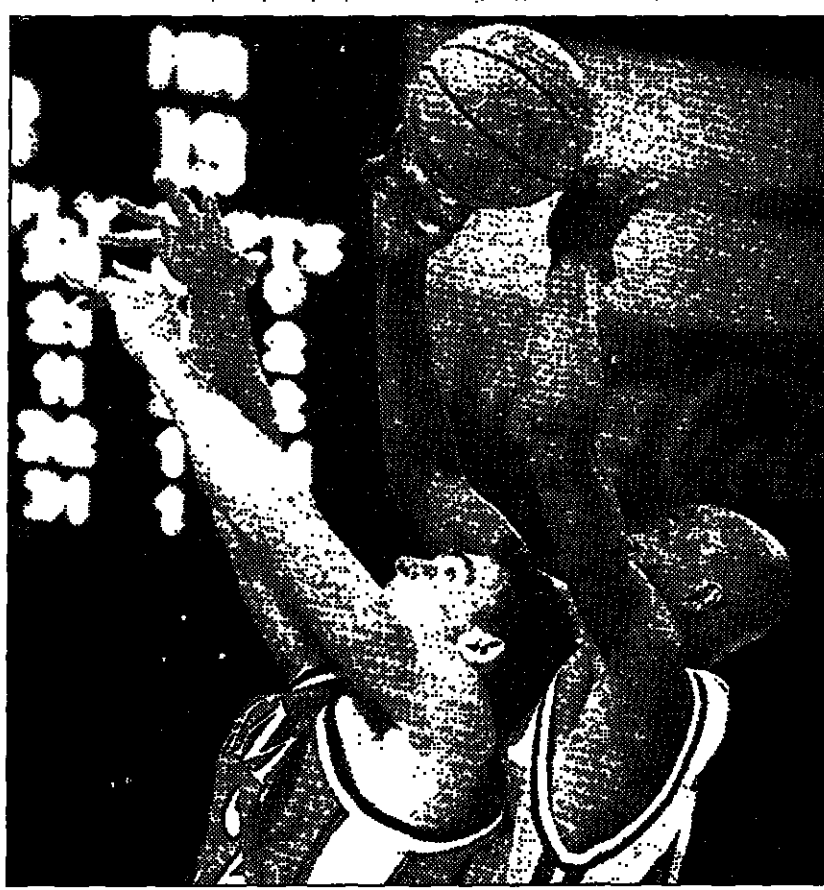
Playing in the round of 16 for the first time, Iowa State stunned top-seeded Connecticut, 64-58, Saturday in the Midwest Regional in Cincinnati.

The fourth-seeded Cyclones won by finding their trademark 3-point shooting touch down the stretch, and they are now just one victory from the Final Four. Iowa State had never even played in the NCAA tournament before 1997.

"That's our game," said Stacy Freese, Iowa State's main 3-point shooter. "We've been shooting a lot of 3s the whole year."

It was Connecticut's first loss in a regional semifinal and came after all 16 top seeds in the tournament had survived the first two rounds.

Connecticut, which led the nation in scoring and field goal percentage, shot only 30 percent against Iowa State's zone defense.



Miami of Ohio's Wally Szczerbiak, left, and Kentucky's Souleymane Camara.

Mourning Becomes Electric, and Heat Fizzles

The Associated Press
ALONZO MOURNING's temper finally snapped, and along with it went the Miami Heat's 11-game home winning streak.

Antonio Davis, whose contact with Mourning led to the Miami center's ejection, scored 17 points and grabbed nine rebounds as the Indiana Pacers beat Miami, 94-89, in a showdown between Eastern Conference division leaders Saturday night in Miami.

Mourning was ejected with 5:11 left in the first half when he was hit with two quick technicals from referee Ted Bernhardt after being whistled for an offensive foul. Without his inside presence, the Pacers were able to diversify their offense with Davis and Rik Smits.

Chris Mullin also scored 17 points and Mark Jackson added 13 as the Pacers held off a late challenge to beat Miami for the second time in three meetings this season. They face each other one more time, April 18 in Miami.

Knicks 86, Celtics 78: Latrell Sprewell scored 21 of his 27 points in the first half as the New York Knicks sent the Celtics to their eighth straight road loss.

Patrick Ewing scored 11 points and grabbed 11 rebounds in 27 minutes as he returned to the Knicks' lineup after missing the previous six games because of Achilles' tendinitis.

Bucks 83, Hawks 77 Glenn Robinson scored 21 points, including a key jumper with 53 seconds left, to give Milwaukee a sloppy victory over host Atlanta.

The Bucks shot just 43 percent from the field but still took over sole possession of second place in the Central Division. Dell Curry and Chris Gatling added 12 points each.

Mavericks 104, Kings 80 Steve Nash, mired in a shooting slump, hit five 3-pointers.

NBA Roundup

pointers and scored a season-high 22 points to carry Dallas over Sacramento in Dallas.

Nash, shooting only 35 percent from the field, got plenty of scoring help from his teammates as Dallas won the season series, 2-1.

Gary Trent had 22 points and 11 rebounds and Michael Finley scored 16 of his 22 points in the second half. Hubert Davis added 17 points.

Rockets 103, Suns 93 Charles Barkley scored 12 of his season-high 35 points in a rugged fourth quarter and scored the first six points of overtime to lead Houston over visiting Phoenix.

The Rockets outscored the Suns 12-2 in overtime.

Barkley also had 18 rebounds, two short of his season-high. Hakeem Olajuwon had 16 points and 10 rebounds.

Tom Gugliotta led the Suns with 22 points and nine rebounds.

Wizards 113, Cavaliers 83 In Washington, Juwan Howard had 28 points and 15 rebounds. Otis Thorpe scored 17 points and Washington's beleaguered front court had its best game of the season.

Mich Richmond had 29 points and Rod Strickland had 16 assists and six steals as the Wizards were able to put together their biggest margin of victory this season.

The loss was the Cavaliers' worst defeat of the year.

Suns 92, Grizzlies 88 In Vancouver, British Columbia, Tim Duncan scored 4 of his 24 points in overtime as San Antonio overcame a dismal first-half shooting performance to beat Vancouver.

Mario Elie iced the victory by sinking three of four free throws in the final 10 seconds and finished with 16 points.

Steve Kerr, who scored 12, was the only San Antonio player to shoot over 50 percent from the field, going 5-for-8.

Duncan also finished with a game-high 14 rebounds.

Shareef Abdur-Rahim scored 25 points and pulled down 11 rebounds to lead the Grizzlies, who are 1-14 in their last 15 games.

CROSSWORD

ACROSS

- Not so much
- The "A" in N.E.A.
- Spunkier
- Very much
- Partner of potatoes
- Martini garnish
- Neighbor of Senegal
- 100%
- Actress Brags of "Gos of the Spider Woman"
- Jean Harlow, e.g.
- Goodyear product
- Grassland
- Gift decoration
- Sawbuck
- 12th graders: Abbr.
- Sailor's "stop"
- Cpt. or Sgt.
- Came to a perch
- Beetles
- transport
- Nothing but
- 43 Sun, e.g.
- Wound up
- Springsteen's "Born in the"
- Aspen attire
- Hair stiffener
- Gorilla
- Stiffly neat
- Popular apple
- Put up with
- Chunks of history
- Fly's father
- Had a crush on
- Trig function
- Additionally
- Skeptical
- Popular sneakers
- O'Neal of "Love Story"
- Mary's follower, in verse
- Airline to Tel Aviv
- Like Lindbergh's flight
- Be frugal
- Current unit
- Deli sandwich
- Plant used in making pop
- Starm's opposite
- Treat like a baby
- Like Darth Vader
- Down-to-earth
- "Same here!"
- Blossom
- Louisiana marsh
- Pizzeria fixtures
- When repeated, a Washington city
- Gives the brushoff, maybe
- Toxic compound, for short
- Broken arm holder
- Post-wash cycle
- Man of — (Superman)
- Underhanded
- "What — you getting at?"
- No longer asleep
- Lanka
- Storage area
- Rapid
- Higher ground
- Van Gogh painting that set an auction record in 1987
- Puff snake
- Scrooge, e.g.
- Chutzpah
- Instrument that's blown into
- In person
- Drawer site
- Cleveland's lake
- In need of a shampoo
- Major
- Witnessed

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Solution to Puzzle of March 19

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 LEUGINE ELECTRA
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 ORTS VEST LAT
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 SHEET MUSIC TRED
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 SCUM TYPEWRITER
 TONYA FOSSE IVE
 ALB SYR EMIL
 SOUTHERN FLORIDA
 INTRUERS REANNEX
 GENNETT INSIGNE
 STARS AVESTIS

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<http://www.ihf.com>

WORLD ROUNDUP

Holyfield and Lewis Sign for a Rematch

BOXING Evander Holyfield and Lennox Lewis have signed for a rematch of their heavyweight boxing bout, probably in September, the promoter Don King said Sunday.

King said on Fox News television that a rematch was the only way to settle the controversy caused when their fight in New York this month was judged a draw. (Reuters)

Schmitt Ski-Jump Victor

SKI JUMPING Martin Schmitt of Germany captured the ski jumping World Cup title by finishing third in the final event of the season Sunday in Planica, Slovenia.

Schmitt, 21, the sensation of the season, was beaten by two Japanese jumpers in the ski flying event. But third place was enough for him to secure the title. The German burst onto the scene this season and gained a record-tying 10 victories on the tour. He also won two gold medals at the Nordic Ski World Championship last month. (AP)

Strong South Africa

CRICKET Steve Elworthy's second four-wicket haul of the match helped take South Africa to the verge of victory Sunday at the end of the fourth day of play in the third test against New Zealand in Wellington.

Needing 276 runs to make South Africa bat again at the Basin Reserve, the home side finished the day precariously placed on 217 for seven wickets, still 59 runs in arrears with Dion Nash and Daniel Vettori at the crease on four and 12 respectively.

The day began with a surprise declaration by Hansie Cronje. His decision not to prolong the South African team's first innings from its overnight 498 for eight was prompted by the threat of rain. (Reuters)

Jockey Killed in Race

HORSE RACING An apprentice jockey in Hong Kong died Sunday after falling from her horse during a race, officials said.

W.Y. Kan, 20, who had been racing since 1997, fell off Happy King and was trampled by other horses as spectators watched in horror at the Hong Kong Jockey Club's Shatin track. Racing was called off after her death. (AP)

Love and Herman Lead

GOLF Davis Love and Tim Herron were tied for the lead after the third round of the Bay Hill Invitational PGA golf tournament on Saturday in Orlando, Florida.

Love and Herron were at 14-under 202, one stroke ahead of Tom Lehman, who shot 66. (Reuters)

Lazio Weathers Venezia's Threats to Move Closer to Title

Compiled by Our Staff From Dispatches

Sergio Conceicao and Sinisa Mihajlovic scored in the opening 15 minutes Sunday to lift the Serie A leader Lazio past Venezia, 2-0, moving the Roman club closer to its first title in a quarter century.

Lazio had to weather three early Venezia scoring chances, including an Alvaro Recoba shot that slammed off the crossbar, before taking control and cruising to its eighth straight victory at Olympic Stadium in Rome.

Florentina, playing with 10 men, pulled alone into second place, five

0 victory at Aston Villa, a onetime leader that has now lost seven league matches in eight opportunities.

The Norwegian striker fired Chelsea ahead in the 59th minute and then provided the pass for the Danish forward Bjarne Goldback to hit the second goal five minutes from the end.

The result put Chelsea within four points of Manchester United and three behind second-place Arsenal.

But Manchester United regained its four-point lead with a 3-1 victory over Everton at home. Sluggish in the first half, United broke through when Ole Gunnar Solskjaer scored from Dwight Yorke's return pass in the 55th minute. A rare goal by Gary Neville and a David Beckham free kick gave United a comfortable margin before Don Hutchison's 80th-minute free kick provided consolation for struggling Everton.

Also Sunday, a 10-man Tottenham won the League Cup final at Wembley with a 1-0 victory over Leicester, thanks to Allan Nielsen's injury-time header.

On Saturday, Arsenal beat a resilient Coventry City, 2-0, at Highbury.

Arsenal's victory took the team to 59 points from 30 premier league games, one point behind United. It was Arsenal's 17th successive cup and league match without defeat.

Leeds United kept alive its outside hopes of winning the championship for the first time since 1992. The team came from behind to defeat injury-hit Derby County, 4-1, at Elland Road and chalk up its sixth successive league victory.

SPAIN Barcelona's Dutch midfielder Philip Cocu struck twice Sunday to secure a 2-0 victory over Real Sociedad that keeps the Catalans clear at the top of the Spanish first division.

Victory over the battling Basque side extended Barcelona's lead, at least temporarily, to five points.

Valencia, which started the day in second place, faced Real Zaragoza in the late game Sunday.

Meanwhile, Celta Vigo took over in second spot thanks to a 3-0 victory at home over Racing Santander, while Mallorca slipped back to sixth, eight points behind the leaders, as it fell, 2-1,



Lazio's midfielder Matias Almeyda, left, being chased by Venezia's midfielder Sergio Volpi on Sunday in Rome.

at home to Deportivo Coruna, which climbed to third.

Real Madrid moved up to fifth, behind Valencia on goal difference, as it ground out a third successive league victory, 2-0, at home to Extremadura.

GERMANY Thomas Gravesen scored in the fifth minute to give Hamburger SV a 1-0 at Hansa Rostock in a Bundesliga match Sunday in Frankfurt.

The Danish midfielder's goal was the first scored by Hamburg since the season resumed after the winter break a month ago. It also probably saved the job of coach Frank Pagelsdorf, who had come to Hamburg from Rostock.

The victory lifted Hamburg two places up, to 10th, in the Bundesliga, while Rostock remained locked in next-

to-last 17th.

Bayern Munich's big striker, Carsten Jancker, scored a late game-winner Saturday to help the team's reserves salvage a 1-0 Bundesliga victory against Werder Bremen.

FC Kaiserslautern, despite a 4-0 rout by Munich in the Champions Cup, roared back from one goal down to beat Bochum, 2-1, to take second place alone.

FRANCE Bordeaux bounced back from its midweek UEFA Cup mauling in Parma by beating Strasbourg, 1-0, on Saturday to maintain its one-point lead at the top of the French first division.

The Italian star Fabrizio Ravanelli scored twice as second-place Olympique Marseille thrashed relegation-threatened Lorient, 4-1. (AP, Reuters)

Police and Fans Clash in Zagreb

The police in the Croatian capital battled rioting fans Sunday as Croatia Zagreb played its rival Hajduk Split, Reuters reported from Zagreb.

Croatia Zagreb fans ripped out scores of seats in the new north stand of the team's stadium and hurled them at the police.

Riot police moved in and eventually restored order, but there was more trouble after the interval, leaving large sections of the lower tier without seating.

Some fans continue to oppose the change of their team's name from the communist-era Dinamo to Croatia — a point they made vociferously throughout the game.

Agassi, Miffed at USTA, Will Skip Davis Cup

Compiled by Our Staff From Dispatches

KEY BISCAYNE, Florida — Andre Agassi is out at the Lipton Championships, and he says he is done with the Davis Cup too.

Hampered by an inconsistent serve and a sore hamstring, Agassi lost his opening match to the first-pumping Slovak Dominik Hrbaty, 1-6, 6-3, 6-2.

Agassi, seeded ninth, has yet to reach a final or beat a top-20 player this year, so the loss Saturday wasn't as big a surprise as what came next: his pledge to boycott the Davis Cup.

Last year, Agassi tied Bill Tilden's U.S. record of 16 consecutive Davis Cup singles victories, but he said he was angry about the recent firing of the team physician, a personal friend.

"That's the last straw for me," he said. "I'm done with it. I never say never, but I'm never playing again."

The physician, George Fareed, lost

his position because the USTA changed the qualifications required for the job, the association's executive director, Rick Ferman, said.

Agassi's declaration is a big blow to the Americans, because Pete Sampras earlier said he would not play in the Davis Cup this year.

On Sunday, Carlos Moya, scrambling to protect his new No. 1 ranking, rallied past Jason Stoltenberg, 6-7 (5-7), 6-1, 7-5, in the third round at the Lipton Championships.

Top-ranked Martina Hingis had an easier time, beating Amy Frazier, 6-1, 6-1. Steffi Graf swept Henrieta Nagyova, 6-1, 6-3, while the Australian Open finalist Amelie Mauresmo lost to Elena Likhovtseva, 4-6, 7-6 (7-5), 6-1.

Moya was down a service break in the second set against Stoltenberg, then won the next seven games. The Spaniard benefited in the next-to-last game of the

match from two overrules by the chair umpire, including one that cost Stoltenberg the game. Instead, Moya took a 6-5 lead, then served out the match.

On Saturday, Boris Becker played perhaps his final singles match in the United States, losing to Marat Safin, 7-5, 6-0. Becker plans to retire after the Wimbledon tournament this summer.

Sampras, the former No. 1, who was playing for the 20th time against Jim Courier, defeated him, 6-3, 7-6 (7-3). Sampras belted two aces and a pair of service winners to take the tie-break, 7-3.

Eighth-seeded Marcelo Rios, making a comeback from a back injury, made a solid start to his title defense with a 7-6, 6-3 victory over Scott Draper of Australia.

Moya won his first match as the world's No. 1 player, beating Davide Sanguinetti, 6-3, 4-6, 6-1. (AP, Reuters)

Bribery Charges Swirl in Soccer

The Associated Press

LONDON — The president of UEFA, Lennart Johansson, reportedly is demanding that FIFA investigate claims that 20 leading soccer figures accepted cash bribes to ensure that Sepp Blatter would beat him in voting for the presidency of FIFA last year.

According to the London newspaper The Observer, the cash came from the leader of a Middle Eastern state and amounted to \$1 million.

The allegations originate in a book by a British author, David Yallop, called "How They Stole the Game." FIFA, which is soccer's international governing body, said last October that it had obtained an injunction blocking the sale of the book in Switzerland.

But Blatter suffered a setback last week when a Dutch court refused to grant him a similar injunction preventing publication in the Netherlands.

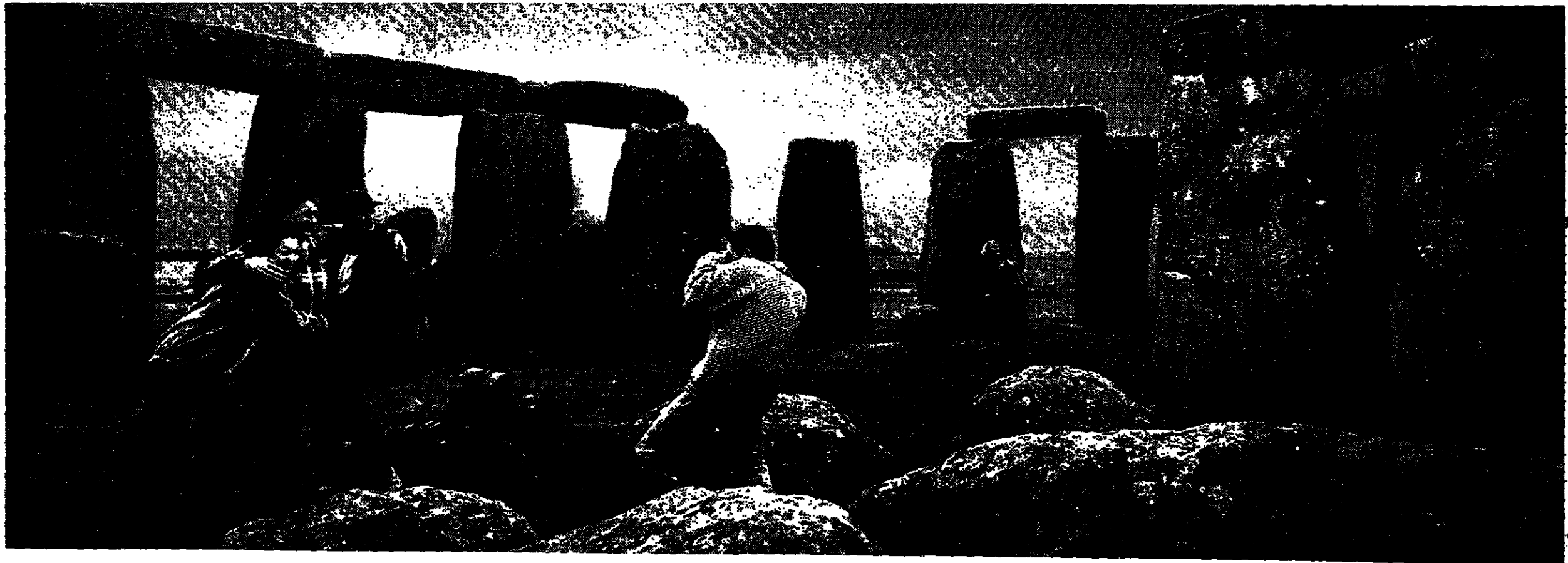
Johansson, the head of the European soccer regulator who was a strong favorite to win the FIFA election until Blatter joined the contest, was dismayed that 20 FIFA members, several of them from African countries, changed their allegiances in the last few weeks before the election in June.

The book alleges that \$1 million in cash was flown by the Middle Eastern figure, who remains unidentified, to the Meridien Hotel in Paris and given to the 20 FIFA delegates before the election.

Reacting to the fact that Blatter was objecting to the book's publication, Johansson reportedly said he had reasons to ask why should FIFA be against it. "I think that Blatter should have an inquiry," he said.

Blatter is reported to have said there was no need for one.

"Why should I?" he was quoted as saying. "I cannot open an inquiry into myself. The elections are now finished."



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